



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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Feb. 7, 2018

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

**RE: Docket No. PG-150120 – Maximum Allowable Operating Pressure Determination & Validation Plan, December 2017**

Dear Mr. Martuscelli:

The Washington Utilities and Transportation Commission (Commission) and Cascade Natural Gas Corporation (CNGC) entered into a Settlement Agreement (Agreement) on Dec. 15, 2016. The Agreement delineated how CNGC would collect information, prioritize and execute steps to confirm the maximum allowable operating pressure (MAOP) for high pressure pipelines in Washington to comply with Commission Order 03 in Docket No. PG-150120, Section B.1(d)(i) of the Agreement required CNGC “to submit an updated timeline/plan that includes the additional segments to Commission staff by Dec. 31, 2017”. The Commission received CNGC’s revised plan on Dec. 29, 2017. Commission Pipeline Safety staff (staff) reviewed the submittal and have the following comments:

**General**

The revisions to the Apr. 29, 2016 submittal are substantial. Although the revised plan is much more robust and gives a much clearer picture of the tasks CNGC must perform to bring their regulated natural gas pipelines into compliance with 49CFR 192.619. This revised plan adds 2,661 segments and over 111 miles of high pressure lines (Table 7). Additionally, the revised plan has introduced another category of pipeline systems, facilities, with deficient MAOP validating records. CNGC has added 336 unvalidated segments within facilities for a total of 2,997. CNGC’s addition of “facilities” as a subcategory to the plan can lead to confusion, as the code does not distinguish between facilities and pipelines when it comes to MAOP:

- Part 192.619(a) states, “no person may operate a segment of steel or plastic **pipeline** [emphasis added] at pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following...”

- Part 192.3 gives the definition of pipeline as “*all parts of the physical facilities through which gas moves in transportation, including pipe, valves, and other appurtenance attached to pipe, compressor stations, regulator stations, holders and fabricated assemblies.*”

As such, staff will assume CNGC made the distinction for internal procedural reasons and not a misinterpretation of the code. While staff is concerned that the total scope of MAOP validation has increased to over 20 times larger than previously reported, we acknowledge the positive steps your organization is taking to rectify existing issues. In the interests of meeting the requirements set forth in Order 03, Docket No. PG-150120 by the Mar. 31, 2018 deadline, staff makes the following requests/inquiries:

1. Please organize the plan using an outline nomenclature as this will make referencing a particular portion of the plan much easier.
2. Page 1, *Introduction*. CNGC makes the following statement, “Transmission pipelines are defined as having a MAOP which produces a hoop stress greater than or equal to 20% Specified Minimum Yield Strength (SMYS). This statement does not take into account the functional definition of a transmission line found in 49CFR 192.3, and can be considered incomplete. CFR 192.3’s definition of transmission line states “*a pipeline...that transports gas from a gathering line or storage facility to a distribution center storage facility or large volume customer.*” PHMSA’s interpretation of this definition is a pipeline that takes gas from a transmission line (or storage facility, i.e. Williams) and transports it to a distribution center where it enters the distribution system (town gate). Staff recommends amending the aforementioned introduction statement to include the full definition of “Transmission pipelines” as presented in code.
3. Page 6, *Table 7*: Please highlight the original 116 segments and associated mileage within the overall totals. Identity the number and miles of validated portions of the segments.
4. Page 11, *5. Prioritization*: Do the risk matrix priorities include “application date of cathodic protection” as a risk factor? Where in your prioritization would application of cathodic protection be analyzed?
5. Page 12, *Schedule*: Please explain how the risk score of 49.01 was determined as the threshold for prioritizing the assigned risk to each segment. What does this represent from a risk perspective? Were facilities included (Table 10 does not appear to reflect the facility count)?
6. Page 12, *Table 10: Unvalid Segment Count by Total Risk Score*: What does “New Segments Addressed with 116 Segment” mean?
7. Page 13, *New Segments with Missing Pressure Test Records and Current MAOP not consistent with 192.619*, (first bullet): The Commission placed a priority on validating lines operating over 30% SMYS by Dec. 31, 2017. When the Commission issued the order, CNGC indicated there were only five such lines and they would be mitigated promptly. Staff

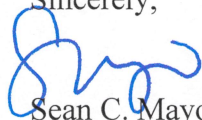
is concerned that CNGC's plan would take two years to validate the four "newly discovered" lines operating above 30% SMYS, and contend that these four lines must be validated by Dec. 31, 2018. Does CNGC anticipate not being able to meet this requirement?

8. Page 13, *Missing 49 CFR 192.517 Records*: CNGC should amend the MAOP Validation and Determination Plan to add the schedule and strategy for missing 192.517 records by Jan.31, 2019.
9. Page 13, *Missing Component Information with Pressure Test*: CNGC should amend the MAOP Validation and Determination Plan to add the schedule and strategy for missing component information by Jan. 31, 2019.
10. Page 13, *Facilities*: This paragraph seems to indicate that all facilities missing critical information are all below the 49.01 risk score as the completion timeframe is 2028. Is this the case with all 336 segments?

As you are aware, CNGC and Commission Staff must file an Amended Settlement Agreement with the Commission by Mar. 31, 2018 reflecting jointly agreed upon completion dates for all unvalidated additional segments. Therefore, please respond in writing to the inquiries listed herein by Feb. 28, 2018. Staff is in the process of arranging a physical meeting to discuss each of the questions listed in this letter in detail, and will work jointly with CNGC throughout the process in advance of the response deadline.

If you have any questions or if we may be of any assistance, please contact Dennis Ritter at (360) 664-1159.

Sincerely,



Sean C. Mayo  
Pipeline Safety Director

cc: Mike Eutsey, Director, Operations Services, CNGC  
Jeremy Ogden, Director, Engineering Services, CNGC  
Ryan Privratsky, Director, System Integrity, Integrity Mgmt., CNGC  
Chris Grissom, Manager, Standards and Compliance, CNGC