

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

TIDEWATER TERMINAL CO.,

Respondent.

DOCKET NO. TO-001156

STIPULATION AND  
SETTLEMENT AGREEMENT

The Staff of the Washington Utilities and Transportation Commission (Staff) and Tidewater Terminal Company (Tidewater) stipulate that:

1. Tidewater will comply with the Emergency Order dated July 28, 2000, as follows:
  - a. Tidewater must cease operation of its three pipelines in Pasco, Washington until further order of the Commission.
  - b. Tidewater must replace the section of the existing, damaged pipeline using qualified materials and with repair procedures approved by Commission Staff.
  - c. Tidewater must conduct a hydrostatic pressure test without leakage of all three pipelines for a period covering 24 hours.
  - d. Following the hydrostatic pressure test described in paragraph 1.c. above, Tidewater must conduct an internal inspection using either a magnetic flux leakage or

ultrasonic tool and provide the inspection results to the Commission Staff. The three pipelines will be allowed to transport product for the sole purpose of internal inspection testing. The data obtained from the internal inspection tool must be verified by a minimum of three correlation excavations representing critical, medium, and low risk anomalies to the extent such anomalies exist.

e. Tidewater must evaluate all anomalies such as dents, gouges, cracks, wall loss, and other flaws that are discovered as a result of the internal inspections. Any anomalies must be evaluated for repair and replacement based on American Society of Mechanical Engineers (ASME), B31.4, Edition 1998, Pipeline Transportation for Liquid Hydrocarbons and other Liquids and ASME B31G - 1991, Manual for Determining the Remaining Strength of Corroded Pipelines.

i. Pipeline segments revealing a wall thickness loss of 50% or more must be replaced or repaired prior to resuming pipeline operations.

ii. Anomalies that are detrimental to the integrity of the pipeline located in the seam and /or girth welds must be replaced.

iii. Anomalies such as dents, gouges, or cracks that are detrimental to the integrity of the pipeline must be repaired or replaced.

f. Tidewater must conduct a corrosion survey over the pipeline system and determine areas of active corrosion.

i. The corrosion survey will consist of a close interval potential (voltage), stray current, and soil resistivity survey.

- ii. Tidewater will correlate the data obtained from the survey to identify areas of potential active corrosion.
- iii. Tidewater may use other equivalent methods to identify areas where current is leaving the pipelines.
- iv. Tidewater will excavate and inspect areas of potential current discharge or low soil resistivity.
- v. Pipeline segments revealing a wall thickness loss of 50% or more must be replaced or repaired prior to resuming pipeline operations.
- g. Tidewater must begin the installation of a cathodic protection system that protects all three pipelines before September 30, 2000.
- h. Tidewater must submit proposed repair procedures and materials for approval by Commission Staff prior to commencing any pipeline repairs. Tidewater must submit to Commission Staff qualified welding procedures and destructive test results (meeting API Standard 1104). All welders must be qualified to meet API Standard 1104 requirements. All welds must be inspected by a radiographic method to ensure the weld produces a sound joint.
- i. Tidewater must notify the Commission Staff to ensure an authorized Commission Pipeline Safety inspector is on site to approve the replacement or repair activity. Commission Staff may give approval to proceed without the Safety Inspector on site.
- j. Tidewater must conduct a pressure surge analysis of the three pipelines within 60 days following the pipeline startup and remediate any deficiencies discovered

as a result of the pressure surge analysis. Tidewater must install overpressure protection where appropriate.

k. Tidewater must provide to the Commission Staff a comprehensive integrity assessment report certified by a Tidewater engineer or designated representative. The report must include all internal inspection, corrosion survey, and physical condition data for the three pipelines as directed above.

l. Tidewater must conduct an internal inspection on the three existing pipelines using either a magnetic flux leakage or ultrasonic tool (or a technologically comparable tool) every 5 calendar years, not to exceed 70 months between inspections. Tidewater shall make repair criteria based on the maximum operating pressure. The test results and repair requirements will be submitted to the Commission Staff for review.

2. After completion of the above steps, Tidewater will report to the Commission. If the Commission finds that the steps have been completed satisfactorily and any deficiencies remedied, the Commission should authorize Tidewater to recommence operation of any or all of the pipelines and may do so without further hearing.

3. The Commission Secretary shall designate the appropriate person who will be authorized to act on behalf of the Commission Staff for purposes of effecting this settlement.

4. The Commission Staff recommends that Tidewater evaluate the need to replace bare (uncoated) sections of pipeline. Tidewater agrees to report back to the Commission Staff by January 31, 2001.

5. This Agreement resolves only the matters contained in the Emergency Order that initiated this proceeding. It does not resolve any other issues or limit the authority of the Staff to

recommend, or the Commission to undertake, further actions within the Commission's jurisdiction, including but not limited to the following:

a. Actions relating to past noncompliance with federal or state pipelines safety regulations, including potential enforcement actions arising out of such noncompliance;

b. Possible future actions to insure the safe operation of Tidewater's pipelines, including possible requirements to replace all or portions of those pipelines.

6. By entering into this agreement, Tidewater does not waive its right to challenge the jurisdiction of the Commission to take any further action relating to Tidewater's operations.

7. The Commission may enter an appropriate order effecting this Settlement.

8. The Commission may cancel the hearings currently set for August 17-18 and, if it deems a hearing necessary, set aside approximately two hours on one of those dates to consider this Settlement.

DATED this \_\_\_\_ day of August, 2000.

CHRISTINE O. GREGOIRE  
Attorney General

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