Huynh, Rhonda (UTC)

From: Beach, Tina <Tina.Beach@cngc.com>
Sent: Wednesday, June 18, 2014 4:09 PM
To: Huynh, Rhonda (UTC); Fernald, Jim (UTC); Woodard, Marina (UTC)
Cc: Kessie, Steve; Ogden, Jeremy; Bailey, John
Subject: CNGC NOTIFICATION: Beaver Lake Road 6 inch Pipeline Project Summary Notice
Attachments: Mt. Vernon Beaver Lake Road Pipeline Project Summary Notice.pdf

Dear Rhonda;
Please forward this to Mr. Lykken, along with any other individuals within your organization as deemed appropriate.

MT Vernon Beaver Lake Road Notification
Prepared by: John P. Bailey Jr. on June 18th, 2014

Attached is a summary notice for the WUTC for construction of a 6 inch pipeline along Beaver Lake Road in Mt. Vernon. This is part of the Mt. Vernon Gate upgrade project that is scheduled to begin next month. The WUTC issued an Order Granting Petition on March 28th, 2013, docket PG-120452, ordering Cascade to construct this pipeline to transmission like standards. At final MAOP, after a scheduled uprate is performed, the hoop stress of the new pipeline will be 13.55% SMYS.

If you have any questions, please let me know.

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Beaver Lake Road HP Extension Project

In conjunction with a gate station installation project, Cascade Natural Gas will be extending a 6 inch high pressure steel pipeline on Beaver Lake Road in Mt. Vernon, WA. The pipeline will begin at the new odorizer and gate station and run west on Beaver Lake Road to connect to an existing 6 inch pipeline at the existing odorizer station. The pipeline will have an MAOP of 250 psig. The pipeline will operate at a pressure of 250 psig and a hoop stress of 8.47% SMYS. The total length of new pipeline will be approximately 550 feet.

After the new odorizer, gate station, and 6 inch pipeline are installed, the pipeline will be uprated to an MAOP of 400 psig and the hoop stress of the newly installed portion will be 13.55% SMYS. An order granting petition from the WUTC for this pipeline installation and uprate, docket PG-120452, was granted on March 28th, 2013.

Construction is expected to begin on or near July 7th with site preparation work and total construction will take approximately three months to complete. Construction of the 6 inch pipeline will not commence for at least 45 days. If there are any questions about this project please contact Jeremy Ogden, Director of Engineering Services, at (509)-734-4509.

Tactical Goal:

Review and update safety regulations in light of urbanization, increasing rail traffic and hauling of combustible materials. In the course of this review we will partner with state agencies including Ecology and the Emergency Management Division, and local governments, first responders and the rail industry.

Strategic Goal Supported:

Increase public safety.

Responsible Division(s)/Section(s): Safety and Consumer Protection

Describe the factors that support this tactical goal:

Washington predominately receives crude oil by tanker, barge, railcar and pipeline. In 2011, 71 percent of all crude oil to the state arrived by ship, 26 percent by pipeline and four percent by rail. The changing landscape of crude oil exploration and drilling, along with the economics of the various types of crude oil available, have made Bakken crude oil the largest growing segment of crude oil entering the state. Bakken crude oil is one of the largest contiguous deposits of oil and natural gas in the United States. The USGS Assessment for the Bakken Formation estimates undiscovered volumes of 3.65 billion barrels of oil and 148 million barrels of natural gas liquids in the U.S. portion of the Bakken Formation. There are currently about 10,000 active wells in the Bakken Formation with an estimated increase to 35,000 wells in the next ten years.

The Bakken Formation currently has no pipeline available for transport of oil to other parts of the nation. Crude by rail has grown exponentially because of the transportation limitations of the current system. In 2013, it is estimated that 280 million barrels of oil were shipped by railroad through the United States with approximately 17 million barrels being shipped through Washington. That represents a 42 fold increase in national oil transportation by rail since 2008. There have also been a number of derailments involving crude oil, some with catastrophic results, that has highlighted the need for increased public safety.

The amount of crude oil being moved by rail is predicted to increase exponentially in the upcoming years and it is necessary and vital for the UTC to focus on the public safety impact of the transportation of this commodity.

Objective:

As part of the team directed by the legislature to study and make recommendations on oil transportation in the state, the UTC is collecting and analyzing crossing and rail corridor data along with researching the history, background and relevant information pertaining to the safety regulation of transportation of crude oil by rail. The study will be an opportunity for UTC to identify potential gaps in the current regulatory system, both state and federal, recommend areas of improvement to enhance public safety and work with strategic partners to ensure public safety is not compromised.

Strategy:

UTC will partner with strategic stakeholders and participate in the Department of Ecology study on oil transportation to draft and implement a outcome-based strategy that focuses on public safety. A coalition of state agencies, local government, tribes and first responders has formed to prepare the study and advance the recommendations developed in the oil transportation study.

Performance measures and performance targets:

Performance will be measured by the following:

- Successful completion of the Department of Ecology oil transportation study by March 2015
- Meeting prescribed deadlines for oil transportation study
- Analysis of crossing risk factors in the state along routes known to transport oil by October 2014
- Series of recommendations to enhance and secure public safety by March 2015
- Possible legislation to address identified gaps 2015 session