



8113 W. GRANDRIDGE BLVD., KENNEWICK, WASHINGTON 99336-7166  
TELEPHONE 509-734-4500 FACSIMILE 509-737-9803  
www.cngc.com

Date: March 26, 2021

Subject: Six Month Status Report

Sender: Ryan Privratsky, Director System Integrity  
Cascade Natural Gas Corporation

Mailing Address: 8113 W. Grandridge Blvd., Kennewick WA 99336-7166

Phone Number: (509) 734-4599

Email Address: [ryan.privratsky@mdu.com](mailto:ryan.privratsky@mdu.com)

Identification of Proceeding: PG-150120

Identification of Documents: 150120-CNG-6-MO-STAT-RPT-03-26-21



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Sean C. Mayo  
Pipeline Safety Director, Pipeline Safety Program  
State of Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Subject: Docket PG-150120, Amended Settlement Agreement, Six-Month Status Report

Dear Mr. Mayo,

This letter serves as Cascade Natural Gas Corporation's (CNGC) six-month status report as outlined in the Amended Settlement Agreement, Docket PG-150120, between the Staff of the Washington Utilities and Transportation Commission (WUTC) and CNGC.

## **V. TERMS OF AMENDED AGREEMENT**

### **B. Revised Compliance Program**

1. CNGC will document the basis for validation of the MAOP of every pipeline segment and facility operating above 60 psig. Such documentation will be completed in accordance with the provisions of 49 C.F.R. § 192.619 as it currently, or as it may be amended by PHMSA. CNGC will meet the following timelines:
  - a. For all segments and facilities identified as missing critical information necessary for documenting the basis for validation of MAOP:
    - i. CNGC will document the basis for validation of the MAOP on 100% of the segments and facilities having a risk score of greater than or equal to 75, as set forth in the MAOP Determination & Validation Plan dated March 2018, by December 31, 2023.
    - ii. CNGC will document the basis for validation of the MAOP on 100% of the segments and facilities having a risk score of less than 75, as set forth in the MAOP Determination & Validation Plan dated March 2018, by December 31, 2028.
    - iii. CNGC has identified eight additional segments currently operating at 30% SMYS or above that are missing critical information needed to document the basis for validation of MAOP. CNGC will complete validation of the eight additional segments by December 31, 2018, unless the percent SMYS of a pipeline segment is reduced below 30% through testing or other approved validation methods, in which case CNGC will schedule the segment for validation based on the total risk score of the segment.

## Cascade Response

CNGC continues to make progress completing validation on segments and facilities that are missing critical information to be able to validate MAOP.

Notable projects completed since the last update include:

### Pressure Testing

- 8" Anacortes Transmission Line (18191, MTVL1-1, 18,000')
- 8" Kalama H.P. Line (UNKV (Kalama), 700')

### Replacement

- Anacortes H.P. Distribution System (MTVL3, 3,000')
- 3" Zillah H.P. Line (Fish-L6-1, 873')
- 8" Central Whatcom Transmission Line (14C1344, 165')
- Longview-Kelso H.P. Distribution System (Pre-CNGC-L1-1, 4,500')

### In-Situ Testing

- 6" Toppenish-Zillah Transmission Line (YakimaL5-1, 32,566')

### Downrate

- 8" Bellingham Transmission Line (Line 1-1, 1,800')

Notable projects currently in construction include:

### Replacement

- 8" Moses Lake H.P. Line (WenL1-1,2, 65')

### Downrate

- 8" Attalia Line (01C4776, 54C2565, 78,449')

Notable projects currently in planning and design or pre-construction stages include:

### Replacement

- 8" March Point Transmission Line (11C1144, 11C5628, 900')
- 8" Anacortes Transmission Line (MTVL1-1, 1,800')
- 8" Bellingham Transmission Line (Line 1-1, 16')
- 8" Yakima H.P. Line (20375, Fish\_968, FISH\_968\_Lat\_26, 5,312')
- 16" March Point Transmission Line (45730, 3')
- 4" Arlington H.P. Line (Fish 18C4272, 4,000')

### Pressure Testing

- 8" Anacortes Transmission Line (18191, MTVL1-1, 72,000')
- 4" Finley H.P. Line (53C2527, 12,391')
- 8" Walla Walla H.P. Line (WWL1-1, 4,595')
- 8" Attalia Transmission Line (14375, 410')

### Downrate

- 8" Anacortes Transmission Line (MTVL1-1, 11,800')
- 4" N. Texas Rd H.P. Line (11C2775, 29320, 997')

Along with the projects highlighted above, various smaller branch lines have also been validated or are in the process of being validated.

b. **COMPLETED:** Validation of highest risk pipeline segments: CNGC has identified five segments currently operating at 30% specified minimum yield strength (SMYS) or above that are missing critical information necessary to document the basis for validation of MAOP. CNGC will complete validation of all five segments by December 31, 2017.

c. **COMPLETED:** CNGC has retained TRC Pipelines Service LLC (TRC) to complete a records review of all remaining pipelines operating above 60 psig. The TRC MAOP records review will be completed by the end of first quarter 2017.

d. **COMPLETED:** CNGC will incorporate any additional pipeline segments operating above 60 psig that have been identified by TRC's review as missing critical information necessary to document the basis for validation of MAOP into the risk matrix to identify mitigation prioritization.

i. **COMPLETED:** CNGC will submit an updated timeline/plan that includes the additional segments to Commission Staff by December 31, 2017.

ii. **COMPLETED:** CNGC and Commission Staff will file an Amended Settlement Agreement with the Commission by March 31, 2018, that reflects a completion date by which CNGC will document the basis for validation of all the high pressure (greater than 60 psig) MAOP for the additional segments identified by TRC. **The Amended Settlement Agreement will include a \$500,000 suspended penalty, imposed in full if CNGC fails to comply with the completion date associated with any new high pressure segments identified by TRC.**

If CNGC and Staff disagree on a completion date, they commit to discuss the nature of the disagreement and to work cooperatively to resolve it. If agreement on the timeline cannot be reached in this way, either Staff or CNGC (or both) may bring the matter to the Commission for decision in a petition to enforce this Agreement.

2. **COMPLETED:** CNGC will prioritize the work set forth in No. 1 above, with priorities established for pipeline segments based on risk to public safety. Risk considerations will include but are not limited to:

- a. Segment class location;
- b. Location of high consequence areas;
- c. Segment SMYS percentage based on the most stringent criteria for missing pipe characteristics;
- d. Pipe vintage with special consideration for pre-code pipe with unknown characteristics;
- e. Pipe material, installation characteristics, or maintenance records that indicate increased risk; and
- f. Low frequency electric resistance welded (ERW) and unknown seam types when SMYS >25%.

3. **ONGOING:** All unvalidated pipeline segments with preliminary SMYS calculations of 20% or greater will be leak surveyed a minimum of four (4) times annually. Once information is available to substantiate SMYS below 20% or to validate the MAOP of a pipeline segment, that pipeline segment will return to leak survey intervals prescribed by code. CNGC will notify Commission Staff when a pipeline segment returns to code-based survey intervals and will make available for Commission Staff inspection documentation of the basis for the action.

### **Cascade Response**

Leak survey of unvalidated pipeline segments at SMYS 20% or greater is ongoing. Notification letter outlining pipeline segments that have been returned to code-based survey intervals was submitted through the WUTC Records Center on March 11, 2021.

4. **ONGOING:** All unvalidated pipeline segments with low frequency seam welds or unknown seam types, with preliminary SMYS calculations of over 30%, shall be maintained at a 20% pressure reduction. Once information becomes available to identify seam type as not low frequency ERW or to substantiate SMYS below 30%, pipeline segments will return to previous operating pressure. CNGC will notify Commission Staff when a pipeline segment returns to a previous operating pressure and will make available for Commission Staff inspection documentation of the basis for the action.

### **Cascade Response**

CNGC continues to complete MAOP validation work required on the remaining pipeline segments with low frequency seam weld or unknown seam types, with preliminary SMYS calculations over 30%. CNGC is working on plans and design to complete the remaining work required to return these pipeline segments to previous operating pressures. CNGC is anticipating having this work completed in 2021.

**ONGOING:** Line segments preliminarily calculated at greater than 20% SMYS will be incorporated into CNGC's transmission integrity management program (TIMP). Baseline assessments for said pipe will be completed by December 31, 2020. Upon completion of MAOP validation, CNGC's TIMP and distribution integrity management program (DIMP) will be re-evaluated and updated as required.<sup>1</sup>

### **Cascade Response**

CNGC continues to work on completing baseline assessment requirements on the remaining pipeline segments that were incorporated into CNGC's TIMP through MAOP validation. An extension for the completion of this item was approved on December 10, 2020 in Order 06. A summary of work being performed for each remaining HCA is described below:

230108-01	All pipe and facilities, required to lower the MAOP of the 8" Attalia Transmission Line to an MAOP which will bring the pipeline below 20% SMYS, have been installed. CNGC is working with Williams to complete remaining work at the gate station to complete this downrate. CNGC is anticipating having this downrate completed by the end of April.
200506-01	CNGC has completed the remaining in-situ testing on the 6" Toppenish-Zillah Line. Testing results have indicated the yield strength of the pipe is high enough to bring the percent SMYS to below 20%. CNGC is currently working on finalizing testing reports.
170208-01	CNGC has received all the major permits required for this project. Fabrication has begun on the valve setting and regulator station, which will be installed during this project. CNGC is working on finalizing the project design and is anticipating construction to begin in June.

<sup>1</sup> Order 06, December 10, 2020, approval for the extension of deadline established in Amended Settlement Agreement Docket PG-150120

7. **COMPLETED:** CNGC will submit to a third party audit to determine baseline variance from the standards set forth in American Petroleum Institute (API) Recommended Practice 1173, Pipeline Safety Management Systems (PSMS). Commission Staff will provide input on the selection of the consultant. At a minimum, the audit will review the following company elements:

- a. Leadership and management commitment
- b. Stakeholder engagement
- c. Risk management
- d. Operational controls
- e. Incident investigation, evaluation and lessons learned
- f. Safety assurance
- g. Management review and continuous improvement
- h. Emergency preparedness and response
- i. Competence, awareness, and training
- j. Documentation and record keeping

Upon completion of the audit, CNGC will submit the consultant's report to the Commission. The third-party audit and written report will be completed by December 31, 2017. **The Commission will impose a \$500,000 suspended penalty if CNGC fails to submit the consultant's report by December 31, 2017.** The results of the third-party audit shall not be the basis for Staff recommendations of additional penalties against CNGC and if the third-party audit identifies violations of code, CNGC shall have a reasonable opportunity to correct such violations.

8. **ONGOING:** CNGC will commence a program to align its operations with the standards of API Recommended Practice 1173. Commission Staff will review CNGC's progress in implementing these operational changes. API 1173 is a recommended practice and, as such, compliance with API 1173 may be subject to audit but shall not be the basis for penalties.

### **Cascade Response**

The MDU Utilities Group (MDUG) has continued to actively work on the implementation and advancement of the corporate wide safety management system (SMS). The SMS team has been working on the execution of the strategic vision for the MDUG SMS program and a detailed project plan. As part of this vision and plan, the SMS team is continuing to partner with employees across the utility and has achieved the following objectives:

- Attained a level 3 maturity on a five-point Pipeline SMS maturity model;
- Formalized company procedures for each SMS program element;
- Completion of the initial 2-year strategic program plan;
- Annual review of the Operational Risk Register and associated mitigation projects; and
- Development and implementation of recurring SMS employee training.

The SMS team is engaging with employees at all levels of the organization to leverage our existing strengths and develop action plans to continuously improve the SMS. The team is currently working on developing risk based operational control testing strategies, expand data tracking and trending, and implementing integrated post incident review procedures.

If you have any questions or comments, please contact Ryan Privratsky at (509) 734-4599.

Respectfully Submitted,

*Pat Darras*

Pat Darras  
Vice President, Engineering & Operations Services  
Cascade Natural Gas Corporation  
8113 W. Grandridge Blvd.  
Kennewick, WA 99336-7166  
Pat.Darras@mdu.com