

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKET NO. TO-001156
	)	
Complainant,	)	FIRST SUPPLEMENTAL ORDER
	)	ACCEPTING SETTLEMENT;
v.	)	STATING CONDITIONS FOR
	)	RESUMING PIPELINE
TIDEWATER BARGE LINES, INC.	)	OPERATIONS
	)	
Respondent.	)	
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**I. SYNOPSIS**

1 The Commission accepts a settlement stating conditions that Tidewater Barge Lines, Inc. must meet before it may resume operations in three 4900-foot pipelines located near Pasco, Washington, following a petroleum product spill and pipeline closure by Commission emergency order.

**II. BACKGROUND**

2 On Friday, July 21, 2000, Tidewater reported a petroleum product release near its terminal in Pasco, Washington, from one of three parallel 6-inch petroleum product pipelines at the facility. The incident occurred at approximately 5:30 p.m. upon discovery of product transmission loss and surface indications of a spill near the Chevron Terminal fence line located at 2900 Sacajawea Park Road. The company immediately shut down the pipeline upon discovering signs of the spill. Further investigation revealed a small hole in the pipeline. The three pipelines are comparable in construction and age.

3 The Commission Staff conducted an investigation of the product release and recommended that the Commission enter an emergency order directing the company not to resume operations until certain conditions were met.

4 Pursuant to RCW 34.05.479, the Washington Utilities and Transportation Commission entered an emergency order on July 28, 2000, directing Tidewater Barge

Lines, Inc., respondent, to take certain action necessary to prevent or avoid immediate danger to the public health, safety or welfare.

### III. HEARING

- 5 The Commission gave notice of hearing on the issues in the emergency order for August 8, 2000. Subsequently, the parties entered into negotiations on the issues. They asked, and the Commission granted, a continuance of the scheduled hearing until August 17 to allow negotiations. Later, they asked that the contested evidentiary hearing be cancelled and that time be provided for the parties to present a settlement agreement. The Commission granted the request, cancelled the full hearing, and set a hearing on a proposed settlement agreement to begin on August 17, 2000, at 1:30 p.m.
- 6 The parties appeared at the time and place set for hearing before Chairwoman Marilyn Showalter, Commissioners Richard Hemstad and William R. Gillis, and Administrative Law Judge C. Robert Wallis. Commission Staff appeared by Jeffrey D. Goltz, Asst. Attorney General, Olympia; Respondent Tidewater Barge Lines, Inc. appeared by Bruce King, attorney, Portland, Oregon.
- 7 The Company's principal witness was Stephen Frasher, Chief Executive Officer of Tidewater Holding Company and its subsidiaries Tidewater Barge Co. and Tidewater Terminal Co. Also appearing as a witness for the Company was Dennis McVicker, general manager of Tidewater's Liquid Petroleum Products division. The Commission Staff presented Kim L. West, Pipeline Safety Engineer.
- 8 As a result of the evidence presented at hearing, the Commission finds that the parties' agreement imposes stringent requirements, in excess of the minimum required by law, and that if those requirements are met prior to the resumption of pipeline operations, the public health, safety and welfare will be adequately protected.
- 9 This Order addresses only the propriety of pipeline closure and the steps that must be taken for Tidewater to secure a Commission order authorizing the resumption of pipeline operations. Neither this Order nor the parties' agreement addresses any issue concerning potential penalties or other consequences of the spill or any actions leading to the spill. Neither this Order nor the parties' agreement addresses the longer term future of the pipelines in question.

### IV. FINDINGS OF FACT

- 10           1)    On July 21, 2000, at approximately 5:30 p.m. Tidewater Barge Line, Inc. discovered that an unknown amount of petroleum product had been released from one of three 6-inch pipelines at its Pasco Terminal. Tidewater shut down the pipeline immediately upon discovering the release. The pipeline is used to transport petroleum between points in the state of Washington. Tidewater also shut down the two companion pipelines and is awaiting Commission authority to resume use of the facilities.
- 11           2)    Tidewater has determined that product losses into the environment from the pipeline totaled approximately 41,000 gallons. It is engaged in cleanup activities under supervision of the Department of Ecology.
- 12           3)    The Company and the Commission Staff have engaged in discussions to determine appropriate measures that must be taken to assure the protection of the public health, safety, and welfare when Tidewater resumes use of the pipelines. They have reached agreement, and proposed a settlement agreement during the hearing.
- 13           4)    The Commission received the settlement agreement as Exhibit 5 in this matter. It is attached as Appendix A to this Order. The appendix provides for a number of measures to assure safety of the pipelines under resumed operations.
- 14           5)    Measures proposed for public protection include the following, which are summarized here but set out in detail in the Appendix A:
- 15                   a) Tidewater will not conduct further pipeline operations until approved by further Commission order.
- 16                   b) Tidewater will replace damaged pipeline portions under Commission Staff supervision.
- 17                   c) Tidewater will conduct a 24-hour hydrostatic test, three times longer than ordinary hydrostatic tests, to provide the opportunity to find relatively small leaks.
- 18                   d) Tidewater will rebuild portions of the line as necessary to allow internal testing and will perform internal mechanical and electronic tests using devices ("pigs") that can detect internal physical anomalies such as dents and pipeline wall anomalies that may indicate corrosion or other problems leading to risk of loss of integrity. Tidewater will explore anomalies that are discovered and will replace segments requiring replacement per terms of the Agreement.

- 19 e) Tidewater will begin installation of a cathodic protection system as a  
guard against corrosion.
- 20 f) Tidewater will provide notification sufficient to ensure that a  
Commission inspector is present during pipeline repairs.
- 21 6) Internal testing of the pipelines are the practical means by which locations of  
corrosion may be identified for correction as necessary prior to occurrence of a  
leak.

## V. CONCLUSIONS OF LAW

- 22 1) The Commission has jurisdiction over this respondent and the subject of this  
pursuant to RCW 81.88.030, RCW 80.04.110, chapter 191, laws of 2000, and  
the delegation to the Commission of federal authority as contemplated in Sec.  
10, chapter 191, laws of 2000.
- 23 2) The measures set out in Appendix A, partially summarized in Finding of Fact  
No. 5, above, will to provide reasonable assurance that leaks will not occur.
- 24 3) The Commission should not allow operations to resume in any of Tidewater's  
three Pasco pipelines until each of the lines has been inspected and either found  
safe or replaced, consistent with the provisions of Appendix A. Inspections and  
replacement activities should be monitored, inspected and approved by the  
Commission as set out in Appendix A.
- 25 4) The protective actions described in this order are essential to protect the public  
health, safety, and welfare. Upon a demonstration of their completion in  
accordance with the provisions of Appendix A, the Commission may authorize  
pipeline operations to resume.

## VI. ORDER

THEREFORE, THE COMMISSION ORDERS:

- 26 1) The emergency Order stopping pipeline operations is reaffirmed. Tidewater  
must not resume operation of its three pipelines in Pasco, Washington until  
further order of the Commission.
- 27 2) Tidewater must demonstrate compliance with the provisions of Appendix A of  
this Order prior to resuming operations in its Pasco pipelines as a prior  
condition to requesting authority from the Commission to resume pipeline

operations at Pasco.

Dated at Olympia, Washington and effective this      day of August, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

WILLIAM R. GILLIS, Commissioner