

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

AGRIUM U.S. INC.,

Respondent.

DOCKET PG-070132

STIPULATED AGREEMENT TO  
CLOSE DOCKET

**I. NATURE OF AGREEMENT**

1           This Stipulated Agreement to Close Docket (“Agreement”) is entered into between Agrium U.S. Inc. (“Agrium” or “Company”) and Staff of the Utilities and Transportation Commission (“Commission Staff”) (collectively, “the Parties”) for the purpose of resolving issues resulting from an inspection of the Company’s pipeline facilities. The Agreement consists of this “Stipulated Agreement to Close Docket” and Appendices A, B, and C, attached hereto.

2           This Agreement is subject to review and disposition by the Utilities and Transportation Commission (“Commission”), and it is not effective until approved by the Commission.

3           The Parties understand that the process for approval is at the discretion of the Commission. However, the Parties believe the Commission may close this docket under the conditions stated herein by means of taking action on the consent agenda at an open public

meeting, if the Commission desires to do so. The Parties recommend that procedure to the Commission.

## II. BACKGROUND

4 Agrium owns and operates a three-inch (3") natural gas pipeline, approximately 0.84 miles long, in Washington State. Agrium's natural gas pipeline serves Agrium's facilities located in or near the city of Kennewick, Washington.

5 In Docket PG-070132, Commission Staff conducted a Standard Natural Gas Pipeline Safety Inspection of Agrium's natural gas pipeline. The inspection included a review of Agrium's records, policies and procedures, and pipeline facilities. The inspection took place from December 17, 2007 to December 18, 2007.

6 On January 14, 2008, Commission Staff issued to Agrium an inspection report that noted probable violations of State and federal rules and statutes related to Agrium's natural gas pipeline facilities, procedures, and records. The majority of probable violations related to deficiencies in Agrium's procedures manual. (Appendix A)

7 Agrium responded to the inspection in good faith by investigating, remediating, re-stating the Company's policies and procedures, and identifying corrective actions taken by Agrium in an attempt to ensure compliance with regulations and statutes. (Appendix B)

## III. AGREEMENT

8 The Parties have agreed upon a means by which this docket can be closed without further action by the Commission beyond its approval of the Parties' Agreement. The Parties agree and stipulate as follows:

9           1.       Agrium concurs that there were violations of State and federal rules and  
statutes regarding the condition of Agrium's natural gas pipeline facilities and its records.

10           2.       By October 31, 2008, Agrium agrees to perform and document an inspection  
of exposed pipeline and pipeline facilities for atmospheric corrosion, as required by 49 CFR  
192.481.

11           3.       Agrium agrees to insert each of the procedures listed in Appendix C to this  
Agreement into its Operations and Maintenance Manual by December 31, 2008.

12           4.       Agrium agrees to notify the Commission, in writing, in the event that it  
abandons its natural gas pipeline subsequent to the effective date of this Agreement. Agrium  
agrees that any abandonment shall be done in accordance with all applicable State and  
federal regulations. In the event Agrium abandons its natural gas pipeline and properly  
notifies the Commission, both Parties reserve the right to petition that the order approving  
this Agreement be amended or rescinded accordingly.

13           5.       Agrium and Commission Staff agree that this docket may be closed upon  
Commission approval of this Agreement.

#### **IV.    GENERAL PROVISIONS**

14           Nothing in this Agreement affects the ability of Commission Staff to seek a  
complaint for penalties or other appropriate relief, if gas pipeline rule violations are found in  
subsequent inspections by Commission Staff of the Company's gas distribution system,  
policies and procedures. Nothing in this Agreement prevents or places any conditions upon  
the Company from contesting any such Commission enforcement action, if any is initiated.


15 This is the entire agreement of the Parties. It may not be cited as precedent in any proceeding other than a proceeding to enforce the terms of this Agreement.


16 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. An Agreement signed in counterpart and sent by facsimile is as effective as an original document. A faxed signature page containing the signature of a party is acceptable as an original signature page signed by that party. Each Party shall indicate the date of its signature on the Agreement. The date of execution of the Agreement will be the latest date indicated on the signatures.

17 Upon execution, Commission Staff will make reasonable efforts to have the matter placed on the next available Commission open meeting agenda. If this matter is not handled at a Commission open public meeting, the Parties agree to support the Agreement during the course of whatever process the Commission determines is appropriate.

For Commission Staff:

For Agrium U.S. Inc.:

  
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Michael A. Fassio  
Assistant Attorney General  
Counsel for Washington Utilities and  
Transportation Commission Staff

  
\_\_\_\_\_  
Stephen Dyer  
Vice President, Manufacturing  
Agrium U.S. Inc.

Date signed: June 2, 2008

Date signed: May 29, 2008