STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
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Ref. No. Docket PL-100012

CERTIFIED MAIL

May 28, 2010

Alan J. Cabodi
President
McChord Pipeline Company
3001 Marshall Avenue
Tacoma, Washington 98421

Dear Mr. Cabodi:

RE: 2010 Hazardous Liquid Pipeline Safety Standard Inspection

A standard records review and field inspection of the McChord Pipeline Company's six-inch pipeline and associated facilities was conducted from May 17 to 19, 2010. The inspection was observed under the auspices of PHMSA representative, Glynn Blanton, Transportation Specialist with the Office of Pipeline Safety. A comprehensive procedure and plan review was completed through 2015.

The inspection also included a review of the U.S. Oil & Refining Company's random drug testing and on-suspicion alcohol testing program. As a subsidiary, McChord Pipeline Company and its employees participate in this program.

No apparent probable violations were noted as a result of these inspections. Several areas of concern and recommendations were noted and included in this letter.

Your response needed
Please review the attached report and respond in writing to our areas of concern by June 30, 2010.

We thank McChord pipeline personnel for their cooperation, and assistance during the inspection. If you have any questions, please contact Al Jones, Pipeline Safety Engineer, at (360) 664-1321.

Thank you for your cooperation and interest in pipeline safety.

Sincerely,

David D. Lykken
Pipeline Safety Director

Enclosure

cc. Corey Herrick, McChord Pipeline

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
2010 Hazardous Liquid Pipeline Safety Inspection
McChord Pipeline Company
Docket PL-100012

AREAS OF CONCERN

The following areas of concern of Title 49, CFR Part 195 and WAC 480-75 were noted as a result of the inspection of McChord Pipeline. The inspection included a random selection of records, operation and maintenance, emergency response, inventory and field inspection of the pipeline facilities. Areas of concern, which left uncorrected, could lead to future violations of state or federal pipeline safety rules if not addressed by McChord Pipeline.

1. ***49 CFR §195.583 What must I do to monitor atmospheric corrosion control?***

   (b) During inspections you must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbanded coatings ...

   (c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by 195.581.

   Finding(s):

   (a) During the aboveground pipe inspection at McChord Air Force Base, the pipe coating near the soil-to-air interface was disbanded and has collected moisture against the pipe. Iron oxide was present on the exposed pipe and disbanded coating. McChord Pipeline should field evaluate the corrosion, clean pipe to mitigate corrosion, and reinstall pipe coating.

   (b) During the aboveground pipe support inspection at the pump station and at the McChord Air Force Base terminal the FRP shield placed at pipe supports exhibited signs of rust stains potentially from surface rust or pitting of the pipe. The pipe condition should be evaluated, mitigate any corrosion, and bond all FRP to the pipe before installing pipe supports.

   (c) During the aboveground pipe inspection at the pump station a new section of pipe has not been coated to prevent atmospheric corrosion. The pipe condition should be thoroughly cleaned of corrosion and coated.

2. ***49 CFR §195.555 What are the qualifications for supervisors?***

   You must require and verify that supervisors maintain a thorough knowledge of that portion of the corrosion control procedures established under 195.402(c) for which they are responsible for insuring compliance.

   Finding(s):

   Cathodic protection for McChord Pipeline is maintained by an outside consultant. McChord Pipeline employees should have knowledge to oversee consultant's work, understand compliance requirements such as CP criteria and support the consultant by

periodically back-up the contractor by taking CP readings, such as for exposed pipe reports. A basic course in cathodic protection is offered by the National Association of Corrosion Engineers (NACE) that would be a good introduction to how CP protect the pipeline from corrosion.

3. ***WAC 480-75-300 Leak Detection***

(2) Leak detection systems must be capable of detecting an eight percent of maximum flow leak within fifteen minutes or less.

Finding(s):

McChord's Operation Manual, Part IV Abnormal Operations, Subpart 1.A. specifies the low level alarm at 546 gallons of product during a 15 minutes interval. Please provide in manual how the amount was calculated.

RECOMMENDATIONS

The following recommendations are offered:

1. Staff recommends improvements to the existing mapping of the pipeline right-of-way with an alignment sheet profile including: bodies of water, roads, foreign utilities, railroad, fences lines, valve location, CP test station, and property lines. The alignment sheets would provide field staff with reference information, provide pipe specification data, document encroachment with aerial photos, and during an emergency provide direct retrieval of pipeline data.

2. Staff recommends the large volume of Cathodic Protection data be transferred to electronic data base to manage historical information.

3. Finally, staff recommends placing the public survey information on the McChord Pipeline webpage.