

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

INLAND EMPIRE PAPER COMPANY,

Respondent.

DOCKET PG-070010

DOCKET PG-072246

STIPULATED AGREEMENT TO
CLOSE DOCKETS

I. NATURE OF AGREEMENT

1 This Stipulated Agreement to Close Dockets (“Agreement”) is entered into between
Inland Empire Paper Company (“IEP” or “Company”) and Staff of the Washington Utilities
and Transportation Commission (“Commission Staff”) (collectively, “the Parties”) for the
purpose of resolving issues resulting from inspections of the Company’s pipeline facilities.
This Agreement consists of this “Stipulated Agreement to Close Dockets” and Appendices
A, B, C, D, E, F, and G, which are attached.

2 This Agreement is subject to review and disposition by the Washington 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 these dockets 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 process to the Commission.

II. BACKGROUND

4 IEP owns and operates a four-inch (4") natural gas transmission pipeline, approximately three miles long, in Washington State. IEP's natural gas pipeline serves the Company's paper mill located in Spokane, Washington.

5 In Docket PG-070010, Commission Staff conducted a Standard Inspection of IEP's natural gas pipeline. The inspection included a review of IEP's records, policies and procedures, and pipeline facilities. The inspection took place from November 13, 2007 to November 15, 2007.

6 On December 14, 2007, Commission Staff issued to IEP an inspection report that noted probable violations of state and federal rules and statutes related to IEP's natural gas pipeline facilities, policies, procedures, and records, and an area of concern. (Appendix A)

7 In Docket PG-072246, Commission Staff conducted a Drug and Alcohol Inspection of IEP's drug and alcohol programs. The inspection included a review of IEP's records and policies and procedures. The inspection took place from December 11, 2007 to December 17, 2007.

8 On January 29, 2008, Commission Staff issued to IEP an inspection report that noted probable violations of state and federal rules and statutes related to IEP's drug and alcohol testing procedures. (Appendix B)

9 IEP responded to each of these inspections in good faith by investigating,
remediating, re-writing the Company's policies and procedures, and identifying corrective
actions taken by IEP to ensure compliance with the applicable regulations. (Appendices C,
D, E, F, and G)

III. AGREEMENT

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

11 1. IEP agrees that there were violations of state and federal rules and statutes
regarding the condition of IEP's natural gas pipeline facilities and its records.

12 2. IEP agrees that there were violations of federal rules in Title 49 CFR Parts 40
and 199 related to its drug and alcohol testing programs.

13 3. IEP agrees to stay current with state and federal pipeline safety rules. IEP
further agrees to review its Operations and Maintenance procedures manual on an annual
basis, not to exceed 15 months, to determine the manual's adequacy and to incorporate any
new or additional requirements.

14 4. IEP agrees to train appropriate employees on any new procedures placed into
its Operations and Maintenance procedures manual.

15 5. IEP agrees to lower its maximum allowable operating pressure (MAOP),
including any documentation of the MAOP in its Operations and Maintenance procedures
manual to 780 pounds per square inch gauge (psig).

- 16 6. IEP agrees to ensure all contractors working on IEP's natural gas pipeline facilities are operator-qualified to perform covered tasks, trained on the appropriate procedures, and committed to following IEP's procedures.
- 17 7. IEP agrees to stay current with state and federal drug and alcohol rules and to incorporate any necessary changes into its drug and alcohol programs.
- 18 8. IEP agrees to provide appropriate training on state and federal drug and alcohol rules to its drug and alcohol program manager.
- 19 9. IEP agrees to ensure that all contractors working on IEP's pipeline facilities have met the requirements of federal rules in Title 49 CFR Parts 40 and 199, Drug and Alcohol programs.
- 20 10. Where contractors are used, IEP agrees to obtain and keep contractor Operator Qualification and Drug and Alcohol program records pertaining to contractors for the same time period required for records pertaining to Company employees.
- 21 11. IEP agrees to ensure that all IEP personnel whose names are drawn for random drug and alcohol tests are tested as soon as possible after the names are drawn.
- 22 12. IEP agrees to randomly drug test the required minimum number of employees based on federal requirements, which is currently 25 percent of covered employees but that percentage is subject to change. This may necessitate a rounding-up of the number of employees tested in order to meet the required minimum.
- 23 13. IEP agrees to adhere to the Letters of Intent and revised drug and alcohol program written in response to Commission Staff's inspections in these dockets. These documents are attached as Appendices C, D, E, and G.

24 14. IEP and Commission Staff agree that these dockets may be closed upon
Commission approval of this Agreement.

IV. GENERAL PROVISIONS

25 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, or drug and
alcohol testing rule violations are found in subsequent inspections by Commission Staff of
the Company's gas distribution system, drug and alcohol programs, or 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.

26 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.


27 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.

28 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

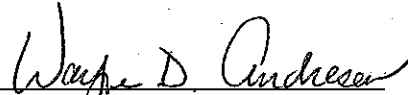
at a Commission open public meeting, the Parties agree to support the Agreement during the course of whatever process the Commission determines is appropriate.

For Commission Staff:

For Inland Empire Paper Company:



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



Wayne D. Andresen
President
Inland Empire Paper Company

Date signed: 7-23-08

Date signed: 7-22-08