

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

CASCADE NATURAL GAS
CORPORATION,

Respondent.

DOCKET PG-150120

COMPLAINT

1 The Washington Utilities and Transportation Commission (Commission) on its own motion, and through its Staff, alleges as follows:

I. PARTIES

2 The Commission is an agency of Washington State authorized under RCW 81.88 to regulate pipeline companies.

3 Cascade Natural Gas Corporation (Cascade or Company) is a corporation that owns, maintains, and operates natural gas pipelines and appurtenances in Washington State.

II. JURISDICTION

4 The Commission has jurisdiction over Cascade because Cascade is a “gas pipeline company” within the meaning of RCW 81.88.010(4), WAC 480-93-005(13), and WAC 480-93-223. Under RCW 81.88.020, the Commission regulates Cascade to the same extent as other public service corporations. Under RCW 81.88.030, Cascade is a “common carrier” within the meaning of Title 81. The Commission brings this Complaint under RCW 81.04.110.

III. BACKGROUND

5 The following allegations are based on the Staff Investigation Report filed in this docket.

- 6 In 2013, Commission Staff conducted standard natural gas pipeline inspections in Cascade’s Washington service territory. During these inspections, Staff requested that Cascade provide documentation sufficient to confirm the Maximum Allowable Operating Pressure (MAOP) of randomly-selected high pressure pipeline segments. Cascade failed to provide sufficient documentation for all of the randomly-selected segments.
- 7 As a result of Cascade’s failure to confirm MAOP for randomly-selected high-pressure pipeline segments, Staff requested that Cascade provide a list of all high pressure pipelines in the Company’s Washington service territory for which the Company lacked sufficient MAOP-confirming documentation. In April 2014, Cascade provided documentation acknowledging that the Company lacked sufficient MAOP-confirming documentation for 98 high pressure pipeline segments.
- 8 On February 2, 2015, Staff and Cascade executed a Stipulated Agreement under which the Company agreed to “submit to the Commission a written plan that Cascade intends to implement for the purpose of determining the MAOP of all its high pressure pipelines in Washington for which there is insufficient documentation to confirm the current MAOP.”¹ The Commission approved the Stipulated Agreement on February 12, 2015, in Order 01 in Docket PG-150120. Pursuant to Order 01, Cascade was required to submit its MAOP compliance plan by August 12, 2015.
- 9 Cascade failed to submit its MAOP compliance plan by the August 12, 2015 deadline.
- 10 On January 29, 2016, Cascade submitted its initial MAOP Determination & Validation Plan. Staff could not accept the plan because it failed to comply with the requirements of the Stipulated Agreement.
- 11 On April 29, 2016, after addressing the initial plan’s deficiencies, Cascade submitted a revised MAOP Determination & Validation Plan. The Company now acknowledged that it was operating 116 high pressure pipeline segments without sufficient MAOP-confirming documentation. As of the date of this Complaint, Staff continues to review Cascade’s revised plan to determine whether it complies with the requirements of the Stipulated Agreement.

IV. APPLICABLE LAWS AND REGULATIONS

WAC 480-93-223 provides, “Any gas pipeline company that violates any pipeline safety provision of any commission order, or any rule in this chapter including those rules adopted by reference, or chapter 81.88 RCW is subject to a civil penalty not to exceed

¹ *In the Matter of the Investigation of the Gas Pipeline System of Cascade Natural Gas Corporation*, Docket PG-150120, Order 01, Order Accepting Agreement and Closing Docket, Attachment A (“Stipulated Agreement”) (Feb. 12, 2015).

two hundred thousand dollars [\$200,000] for each violation for each day that the violation persists. The maximum civil penalty under this subsection for a related series of violations is two million dollars.”

- 12 WAC 480-93-018(1) provides, “Each gas pipeline company must maintain records sufficient to demonstrate compliance with all requirements of 49 C.F.R. §§ 191, 192 and chapter 480-93 WAC.”
- 13 49 C.F.R. § 192.13(a) provides, in relevant part, that no person may operate any pipeline readied for service after March 12, 1971, unless the pipeline has been “designed, installed, constructed, initially inspected, and initially tested in accordance with this part [192],” or the pipeline is “converted to service” under § 192.14, which requires the operator, among other obligations, to test the pipeline to substantiate MAOP. Section 192.13(b) further provides, in relevant part, that no person may operate a pipeline that has been replaced, relocated, or otherwise changed after November 12, 1970, “unless the replacement, relocation or change has been made according to the requirements in this part [192].” Finally, section 192.13(c) provides, “Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part [192].”
- 14 49 C.F.R. § 192.503(a) provides, “No person may operate a new segment of pipeline, or return to service a segment of pipeline that has been relocated or replaced until—(1) It has been tested in accordance with this subpart and § 192.619 to substantiate the maximum allowable operating pressure; and (2) Each potentially hazardous leak has been located and eliminated.”
- 15 49 C.F.R. §§ 192.517 and 192.603 require that operators maintain MAOP records for the life of the pipeline.
- 16 49 C.F.R. § 192.603(a) further provides, “No person may operate a segment of pipeline unless it is operated in accordance with this subpart [§§ 192.601-192.631].”
- 17 49 C.F.R. § 192.619(a) provides, “No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined [using a method approved in this section].”

V. CAUSES OF ACTION

**FIRST CAUSE OF ACTION
(Violation of Order 01 in Docket PG-150120)**

- 18 Cascade violated Order 01 in this docket (PG-150120) by failing to submit the MAOP compliance plan required by the Stipulated Agreement by the August 12, 2015 deadline.
- 19 This violation continued until, at the earliest, April 29, 2016, when Cascade submitted its revised MAOP compliance plan. There are 261 days between August 12, 2015, and April 29, 2016. Cascade’s violation therefore continued for a minimum of 261 days.
- 20 The Commission alleges a minimum of 261 violations of Order 01 in Docket PG-150120.

**SECOND CAUSE OF ACTION
(Failure to Establish and/or Document MAOP)**

- 21 Cascade failed to maintain records or documentation sufficient to establish, confirm, or validate the MAOP of at least 116 pipeline segments, in violation of WAC 480-93-018(1), 49 C.F.R. § 192.13, 49 C.F.R. § 192.503(a), 49 C.F.R. § 517, 49 C.F.R. § 192.603, and/or 49 C.F.R. § 192.619(a).
- 22 For administrative ease, Staff determines that this violation commenced on April 29, 2016, the date Cascade submitted its revised MAOP Determination & Validation Plan. Cascade admitted in Table 1 to the plan that it was operating 116 pipeline segments with “data currently insufficient to demonstrate and confirm MAOP.”²
- 23 This violation continues as of the date of this Complaint. There are 74 days between April 29, 2016, and the date of this Complaint.
- 24 The Commission alleges a minimum of 74 violations of WAC 480-93-018(1), 49 C.F.R. § 192.503(a), 49 C.F.R. § 192.603(a), and 49 C.F.R. § 192.619(a).

VI. REQUEST FOR RELIEF

- 25 Pursuant to WAC 480-93-223, Staff requests that the Commission impose a penalty of up to \$200,000 for each of the violations alleged above, up to the maximum penalty of two million dollars per category of violation.
- 26 Pursuant to RCW 81.88.020, RCW 81.88.030, RCW 81.88.065, and RCW 80.01.040, Staff further requests that the Commission authorize any other just and lawful form of

² Staff Investigation Report, Appendix M.

relief, including, but not limited to, an order requiring Cascade to develop and follow a new or updated MAOP compliance plan.

VII. PROBABLE CAUSE

27 In accordance with RCW 80.01.060 and WAC 480-07-307, the Commission finds probable cause to issue this Complaint.

DATED at Olympia, Washington, and effective July 12, 2016.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Gregory J. Kopta
Administrative Law Judge

Inquiries may be addressed to:

Executive Director and Secretary
Washington Utilities and Transportation Commission
Richard Hemstad Building
1300 S. Evergreen Park Drive S.W.
P. O. Box 47250
Olympia, WA 98504-7250
(360) 664-1160