

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

AGRIUM U.S. INC.,

Respondent.

DOCKET PL-070131

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 hazardous liquid 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") hazardous liquid (ammonia) pipeline, approximately 0.84 miles long, in Washington State. Agrium's ammonia pipeline serves Agrium's facilities located in or near the city of Kennewick, Washington.

5 In Docket PL-070131, Commission Staff conducted a Hazardous Liquid Pipeline Safety Inspection of Agrium's ammonia pipeline. The inspection included a review of Agrium's records, policies and procedures, and pipeline facilities. The inspection also included a review of Agrium's drug and alcohol program. The inspection took place from December 17, 2007 to December 18, 2007.

6 On January 8, 2007, Commission Staff issued to Agrium an inspection report that noted probable violations of State and federal rules and statutes related to Agrium's ammonia pipeline facilities, procedures, and records, and Agrium's drug and alcohol program. The majority of probable violations that were identified related to Agrium's policies and procedures manuals. (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 hazardous liquid pipeline facilities and its records, and its drug and alcohol program.
- 10 2. Agrium agrees to maintain records of pump station discharge pressures, as required by 49 CFR 195.404(b)(1).
- 11 3. By May 31, 2008, Agrium agrees to insert the following three requirements into its Drug and Alcohol Plan for the Kennewick fertilizer operation: (a) As required by 49 CFR 199.105(f), the number and frequency of follow-up testing shall consist of at least six (6) follow-up tests conducted in the first twelve months following the covered employee's return to duty; (b) As required by 49 CFR 199.109(d), Agrium's Medical Review Officer must report all drug tests to the operator in accordance with DOT procedures; and (c) As required by 49 CFR 199.109(f), Agrium's Substance Abuse Professional shall not refer covered employees to the Substance Abuse Professional's private practice or to a person or organization from which the Substance Abuse Professional receives remuneration.
- 12 4. By September 30, 2008, Agrium agrees to develop a list of covered tasks for its qualification program, as required by CFR 195.505(a).
- 13 5. 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 195.583(a).
- 14 6. By December 31, 2008, Agrium agrees to ensure that maintenance activities are identified as covered tasks. Appropriate personnel will be qualified to perform these

tasks, as required by 49 CFR 195.505(b).

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

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

IV. GENERAL PROVISIONS

17 Nothing in this Agreement affects the ability of Commission Staff to seek a
complaint for penalties or other appropriate relief, if hazardous liquid pipeline safety rule
violations are found in subsequent inspections by Commission Staff of the Company's
hazardous liquid pipeline 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.

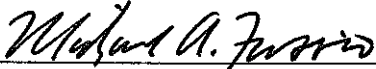
18 This is the entire agreement of the Parties. It may not be cited as precedent in any
proceeding other than a proceeding to enforce the terms of this Agreement.

19 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.


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.:



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



Stephen Dyer
Vice President of Manufacturing
Agrium U.S. Inc.

Date signed: June 2, 2008

Date signed: May 29, 2008