

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	DOCKET NO. TO-001156
)	
Complainant,)	SECOND SUPPLEMENTAL
)	ORDER GRANTING REQUEST
v.)	TO RESUME OPERATION OF
)	THE INBOUND DISTILLATE
)	PIPELINE
TIDEWATER BARGE LINES, INC.)	
)	
Respondent.)	
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I. SYNOPSIS

1 The Washington Utilities and Transportation Commission grants the request of Tidewater Terminal Company (Tidewater or the Company) to resume operation of the inbound distillate pipeline, one of three petroleum product pipelines at Tidewater's Pasco facility. The three pipelines were shut down following a petroleum product spill and emergency order issued by the Commission. Tidewater has demonstrated that it has met the conditions for reopening the inbound distillate pipeline set forth in Appendix A to the Commission's First Supplemental Order Accepting the Settlement (August 18 Order). Staff concurs in Tidewater's request after conducting a thorough analysis of Tidewater's compliance efforts.

II. BACKGROUND

2 On Friday, July 21, 2000, Tidewater reported a petroleum product release near its terminal in Pasco, Washington, from one of three parallel 6-inch petroleum product pipelines at the facility. The incident occurred at approximately 5:30 p.m. upon discovery of product transmission loss and surface indications of a spill near the Chevron Terminal fence line located at 2900 Sacajawea Park Road. The company immediately shut down the pipeline upon discovering signs of the spill. Further investigation revealed a small hole in the pipeline. The three pipelines are comparable in construction and age.

3 The Commission Staff conducted an investigation of the product release and recommended that the Commission enter an emergency order directing the company not to resume operations until certain conditions were met.

- 4 Pursuant to RCW 34.05.479, the Commission entered an emergency order on July 28, 2000, directing Tidewater Barge Lines, Inc., respondent, to take certain actions necessary to prevent or avoid immediate danger to the public health, safety or welfare.
- 5 On August 17, 2000, the parties filed a settlement agreement with the Commission. That same day, the parties appeared before Chairwoman Marilyn Showalter, Commissioners Richard Hemstad and William R. Gillis, and Administrative Law Judge C. Robert Wallis for a hearing on the proposed settlement agreement.
- 6 Following the hearing, the Commission entered an order on August 18, 2000, accepting the proposed settlement and requiring the company to meet the conditions set forth in paragraph 1 of the settlement agreement (Appendix A to the August 18 Order) before resuming operations. These conditions, as stated in paragraphs 16-20 of the August 18 Order, are as follows:
- * Tidewater will replace damaged pipeline portions under Commission Staff supervision.
 - * Tidewater will conduct a 24-hour hydrostatic test, three times longer than ordinary hydrostatic tests, to provide the opportunity to find relatively small leaks.
 - * Tidewater will rebuild portions of the line as necessary to allow internal testing and will perform internal mechanical and electronic tests using devices ("pigs") that can detect internal physical anomalies such as dents and pipeline wall anomalies that may indicate corrosion or other problems leading to risk of loss of integrity. Tidewater will explore anomalies that are discovered and will replace segments requiring replacement per terms of the Agreement.
 - * Tidewater will begin installation of a cathodic protection system as a guard against corrosion.
 - * Tidewater will provide notification sufficient to ensure that a Commission inspector is present during pipeline repairs.
- 7 Further, the August 18 Order required the company to obtain authority from the Commission before resuming pipeline operations.

III. TIDEWATER'S REQUEST TO RESUME OPERATIONS

- 8 On October 3, 2000, Tidewater filed with the Commission its Request to Resume Operation of the Inbound Distillate Pipeline and the supporting Declaration of Stephen Frasher, President of Tidewater. Attached to Mr. Frasher's declaration is the company's Comprehensive Integrity and Assessment Report (Report) concerning the inbound distillate pipeline. Tidewater requests that the Commission make its decision based upon

the record and without further hearing.

- 9 The Report documents Tidewater's compliance with the requirements of paragraph 1 of Appendix A of the August 18 Order. Further, the Report states that Tidewater performed two additional pipeline integrity inspections beyond the requirements in Appendix A, a geometric pig internal inspection and a pipeline coating integrity inspection. Tidewater did replace portions of the inbound distillate pipeline to prepare for internal testing and to ensure that tests correctly identified anomalies in the pipe. However, Tidewater reports that testing revealed no anomalies posing a critical risk. Technical Investigation Reports prepared by Tidewater and its contractors are attached as Appendices A through H to the Report.
- 10 Based on his review of the Report, Mr. Frasher asserts that the inbound distillate pipeline can be safely restored to service. Mr Frasher states that if the company is allowed to return the inbound distillate pipeline to service, the pipeline will serve both inbound refined products as well as outbound products. Tidewater will submit supplemental Comprehensive Integrity and Assessment reports to the Commission after evaluating the other two pipelines.

IV. STAFF'S CONCURRENCE

- 11 On October 4, 2000, Commission Staff filed a memorandum concurring in Tidewater's request and the supporting Declaration of Kim West, Staff Pipeline Safety Engineer. Attached to Ms. West's Declaration is the Report of WUTC Staff on Compliance of Tidewater Terminal Company with First Supplemental Order Accepting Settlement (Staff Report).
- 12 Ms. West has been involved in monitoring and overseeing Tidewater's operations relating to pipeline safety since the July 21 incident. Ms. West and a team of Staff engineers have reviewed Tidewater's Report and prepared the Staff Report on Tidewater's compliance. In that Staff Report, Staff restates each condition from paragraph 1 of Appendix A of the August 18 Order and explains how Tidewater has complied with the condition.
- 13 Staff concludes that Tidewater has fully complied with the requirements for resuming operations set forth in Appendix A of the August 18 Order. Staff states that Tidewater satisfactorily performed all of the tests required in Appendix A. Tidewater replaced portions of the inbound distillate pipeline only after submitting to Staff the replacement procedures and receiving approval. Staff reports that as a part of Tidewater's cathodic protection system, the company has installed a "resistance bond" between the Tidewater and Chevron pipeline systems to reduce stray current interference between the two systems. Tidewater has agreed to evaluate whether there is a stray current problem associated with other neighboring pipelines.

- 14 Staff also recommends in its Report that Tidewater install pressure recording charts and monitor for leaks when no product is being transported. However, in its memorandum to the Commission, Staff notes that this request is outside of the context of compliance with the August 18 Order and that Staff is optimistic that Tidewater will implement Staff's recommendations.
- 15 Staff supports Tidewater's request to reopen only the inbound distillate pipeline at Tidewater's Pasco facility. Staff further recommends the Commission address Tidewater's request without further hearing.

V. DISCUSSION

- 16 Based on the Declarations of Mr. Frasher and Ms. West, Tidewater's Comprehensive Integrity and Assessment Report, and Staff's Report of Tidewater's compliance efforts, the Commission finds that Tidewater has met, only for the inbound distillate pipeline, the stringent conditions for resuming operation set forth in Appendix A to the August 18 Order. As we noted in that Order, the public health, safety and welfare will be adequately protected if Tidewater meets those requirements. The Commission appreciates the detail with which Tidewater has reported its compliance efforts, the company's cooperative actions to resolve the situation at the Pasco facility, and Staff's oversight and thorough analysis of Tidewater's operations and compliance. Based on the thorough nature of the parties' submissions to the Commission, no hearing is necessary to evaluate Tidewater's request.

VI. FINDINGS OF FACT

- 17 1) On July 21, 2000, at approximately 5:30 p.m. Tidewater Barge Line, Inc. discovered that an unknown amount of petroleum product had been released from one of three 6-inch pipelines at its Pasco Terminal. Tidewater shut down the pipeline immediately upon discovering the release. The pipeline is used to transport petroleum between points in the state of Washington. Tidewater also shut down the two companion pipelines, including the inbound distillate pipeline, and is awaiting Commission authority to resume use of the facilities.
- 18 2) In an order entered on August 18, 2000 (August 18 Order), the Commission accepted a settlement agreement proposed by Tidewater and Commission Staff. The settlement agreement, attached as Appendix A to the August 18 Order, provides a number of requirements, or measures, to assure safety of the pipelines under resumed operations.
- 19 3) On October 3, 2000, Tidewater requested that the Commission allow the company to reopen the inbound distillate pipeline, submitting the Declaration of Stephen Frasher and

a Comprehensive Integrity and Assessment Report. Tidewater's Report documents the company's compliance with the requirements of paragraph 1 of Appendix A of the August 18 Order.

- 20 4) The company intends to use the inbound distillate pipeline to provide service for both inbound refined products as well as outbound products if the pipeline is allowed to resume operation.
- 21 5) Tidewater will submit supplemental Comprehensive Integrity and Assessment reports to the Commission after further evaluation of the other two pipelines at the Pasco facility.
- 22 6) On October 4, 2000, Staff filed a memorandum concurring in Tidewater's request. In support, Staff filed the Declarations of Kim West and the Report of WUTC Staff on Compliance of Tidewater Terminal Company with First Supplemental Order Accepting Settlement. Staff's Report concludes, with respect to the inbound distillate pipeline only, that Tidewater has fully complied with the requirements for resuming operations set forth in Appendix A of the August 18 Order.

VII. CONCLUSIONS OF LAW

- 23 (1) The Commission has jurisdiction over this respondent and the subject of this Order pursuant to RCW 81.88.030, RCW 80.04.110, Laws of 2000, ch. 191, and the delegation to the Commission of federal authority as contemplated in Laws of 2000, ch. 191, §10.
- 24 (2) The Declarations of Mr. Frasher and Ms. West, Tidewater's Comprehensive Integrity and Assessment Report, and Staff's Report of Tidewater's compliance efforts demonstrate that Tidewater has met, for the inbound distillate pipeline only, the stringent conditions for resuming pipeline operation set forth in Appendix A to the August 18 Order.

VIII. ORDER

THEREFORE, THE COMMISSION ORDERS:

- 25 (1) Tidewater may resume operation of its inbound distillate pipeline at its facility in Pasco, Washington.
- 26 (2) This Order granting Tidewater's request to resume operations is limited to the inbound distillate pipeline, and resolves only the emergency condition for that line that

gave rise to this proceeding.

Dated at Olympia, Washington and effective this day of October, 2000.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

WILLIAM R. GILLIS, Commissioner