

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKET NO. TO-001156
	)	
Complainant,	)	THIRD SUPPLEMENTAL
	)	ORDER AUTHORIZING
v.	)	RESUMPTION OF PIPELINE
	)	OPERATIONS
TIDEWATER BARGE LINES, INC.,	)	
	)	
Respondent	)	
.....	)	

**I. SYNOPSIS**

1       The Washington Utilities and Transportation Commission authorizes the resumption  
of pipeline operations by Tidewater Terminal Company (Tidewater or the Company)  
at Pasco, Washington, finding that Tidewater has corrected the conditions requiring  
pipeline closure and that the operations will adequately protect the public and the  
environment.

**II. BACKGROUND**

2       On Friday, July 21, 2000, Tidewater reported a petroleum product release near its  
terminal in Pasco, Washington. The product was released from the inbound gasoline  
pipeline, 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. 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. The August 18 Order requires the Company to obtain authority from the Commission before resuming pipeline operations.

7 On October 3, 2000, Tidewater filed with the Commission a request to resume operation of the inbound distillate pipeline at the Pasco facility. On October 4, 2000, Staff filed a response concurring in Tidewater's request. On October 12, 2000, the Commission entered its Second Supplemental Order in this proceeding, granting Tidewater's request to resume operation of the inbound distillate pipeline.

### III. TIDEWATER'S SECOND REQUEST TO RESUME OPERATIONS

8 On January 4, 2001, Tidewater filed with the Commission a Request to Resume Operation of the Inbound Gasoline and Outbound Products Pipelines, 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 two remaining pipelines. Tidewater requests that the Commission approve the request based upon the record presented and without further hearing.

9 By cover letter dated January 4, 2001, Tidewater sent the Report to both the Commission and to the state Department of Ecology (Department). Tidewater states that it has met the requirements of the Commission as well as the Department to resume operation of all three pipelines.<sup>1</sup>

10 The Report documents Tidewater's compliance with the requirements of paragraph 1 of Appendix A of the August 18 Order and provides the technical basis for determining whether both pipelines may be safely restored to service. The Report primarily relies upon testing and technical reports included in the Comprehensive Integrity and Assessment Report on the Inbound Distillate Pipeline, prepared on September 18, 2000 (September 18 Report). The Report also includes two additional technical reports concerning hydrostatic pressure tests and confirmation digs.

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<sup>1</sup> The Department has not filed any statement with the Commission concerning Tidewater's request to the Commission. However, in a letter filed with the Commission on January 23, 2001, Tidewater states that the Department is satisfied that Tidewater has met the requirements imposed by the Department in its order.

- 11 In compliance with Appendix A of the August 18 Order, Tidewater ceased operations of all three pipelines and did not resume operations without Commission approval. Further, Tidewater replaced 1800 linear feet of each of the three pipelines, performed hydrostatic testing, internal testing, a corrosion survey, a pressure surge analysis, tested anomalies on the pipelines detected by the internal testing, and installed a cathodic protection system on all three pipelines. Tidewater reports that testing revealed no anomalies posing a critical risk. All repair procedures and activity were monitored by Commission Staff. 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 commits to performing internal inspections on all three pipelines every 70 months using either an ultrasonic tool or magnetic flux leakage tool. The Technical Investigation Reports prepared by Tidewater and its contractors are attached as Appendices A through H to the September 18 Report.
- 12 In a letter filed with the Commission on January 23, 2001, Tidewater clarifies its agreement with Commission staff concerning certain anomalies found during a coating integrity inspection. Tidewater notes in its January 4, 2001, filing that it conducted a coating integrity inspection of the pipelines even though it was not required by Appendix A to the August 18 Order. Staff has raised a concern that certain anomalies detected during testing were not fully evaluated. Tidewater disputes the necessity of digging to repair the remaining anomalies, some of which are located under State Highway 12 and the access road to the Pasco facility. However, in its January 23, 2001 letter, Tidewater and Staff agree that Tidewater will commit to conduct an additional coating integrity test and internal inspection within five years after the date of this order. Should the results of the additional testing detect anomalies under paved roads or highways that affect the integrity of the pipeline, Tidewater commits to mitigate or repair those anomalies after consultation with Commission Staff.
- 13 Based on his review of the Report, Mr. Frasher asserts that the two remaining pipelines can be safely restored to service.

#### **IV. STAFF'S CONCURRENCE**

- 14 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 Second Report of WUTC Staff on Compliance of Tidewater Terminal Company with First Supplemental Order Accepting Settlement (Second Staff Report).
- 15 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 Second Staff Report on

Tidewater's compliance. In that 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.

- 16 Staff concludes that Tidewater has fully complied with the requirements for resuming operations set forth in Appendix A of the August 18 Order. Staff recommends that the Commission issue an order authorizing Tidewater to recommence operations of the inbound gasoline and outbound products pipelines. Staff recommends the order be made conditional on Tidewater (1) conducting internal inspections of the three pipelines at intervals not exceeding 70 months between inspections, but at least once every five years, beginning with the issuance date of the Commission's Order, and (2) perform an additional coating integrity test and internal inspection within five years of the order, and after consultation with Staff, mitigate or repair any coating anomalies found under paved roads or highways that affect the integrity of the pipeline.
- 17 Staff concurs in Tidewater's request to allow the Company to resume operations on the inbound gasoline and outbound products pipelines without further hearing.

## V. DISCUSSION

- 18 Based on the Declarations of Mr. Frasher and Ms. West; Tidewater's Comprehensive Integrity and Assessment Report of the two pipelines; and the Second Staff Report of Tidewater's compliance efforts, the Commission finds that Tidewater has met the stringent conditions for resuming operation of the two remaining pipelines 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.
- 19 Staff and the Company agree to certain conditions of resuming operation of the pipelines at the Pasco facility. The conditions require Tidewater to perform an additional internal inspection and coating integrity test. Should those tests detect any anomalies found under paved roads or highways that affect the integrity of the pipeline, Tidewater will mitigate or repair those anomalies after consultation with Commission Staff. The Staff and Company agree that inspection intervals not exceed 70 months, but also that the inspections occur at least once every five years. As these two time periods appear to conflict, the Commission requires the Company to conduct internal inspections at intervals not exceeding 70 months between inspections, beginning with the issuance date of the Commission's Order.

**VI. FINDINGS OF FACT**

- 20 (1) On July 21, 2000, at approximately 5:30 p.m. Tidewater Barge Lines, Inc. discovered that an unknown amount of petroleum product had been released from the inbound gasoline pipeline, one of three 6-inch pipelines at its Pasco Terminal. The pipeline is used to transport petroleum between points in the state of Washington. Tidewater shut down the pipeline immediately upon discovering the release. Tidewater also shut down the two companion pipelines, and is awaiting Commission authority to resume use of the facilities.
- 21 (2) In an Order entered on August 18, 2000, 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, designed to assure safety of the pipelines under resumed operations.
- 22 (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 in support of their request. Tidewater's Report documents the Company's compliance with the requirements of paragraph 1 of Appendix A of the August 18 Order.
- 23 (4) 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.
- 24 (5) On October 12, 2000, the Commission entered its Second Supplemental Order Granting Request to Resume Operation of the Inbound Distillate Pipeline.
- 25 (6) On January 4, 2001, the Company filed with the Commission its request to resume operation of the two remaining pipelines, the inbound gasoline and outbound products pipelines. In support of its request, the Company submitted the Declaration of Stephen Frasher and a Comprehensive Integrity and Assessment Report concerning the two pipelines.
- 26 (7) On January 18, 2001, Staff filed with the Commission a memorandum in support of Tidewater's request. In support, Staff filed the Second Declaration of Kim West, and the Second Report of WUTC Staff on Compliance of Tidewater Terminal Company with First Supplemental Order Accepting Settlement.

- 27 (8) Staff recommends and the Company agrees that the Commission condition approval of resuming operations on Tidewater will (1) conduct internal inspection of the three pipelines at intervals not exceeding 70 months between inspections, but at least once every five years, beginning with the issuance date of the Commission's Order, and (2) perform an additional coating integrity test and internal inspection within five years of the order, and after consultation with Staff, mitigate or repair any coating anomalies found under paved roads or highways that affect the integrity of the pipeline.

### VII. CONCLUSIONS OF LAW

- 28 (1) The Commission has jurisdiction over the Company 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. 91, § 10.
- 29 (2) The Declarations of Mr. Frasher and Ms. West, Tidewater's Comprehensive Integrity and Assessment Report, and the Second Staff Report of Tidewater's compliance efforts demonstrate that Tidewater has met the stringent conditions for resuming pipeline operations for the inbound gasoline and outbound products pipelines set forth in Appendix A to the August 18 Order.

### VIII. ORDER

THEREFORE, THE COMMISSION ORDERS:

- 30 (1) Tidewater may resume operation of its inbound gasoline and outbound products pipelines at its facility in Pasco, Washington.
- 31 (2) Tidewater must conduct internal inspections of the three pipelines at intervals not exceeding 70 months between inspections, beginning with the issuance date of the Commission's Order, using either an ultrasonic or magnetic flux leakage tool.
- 32 (3) Tidewater must perform a coating integrity test and internal inspection within five years of the date of this order, and after consultation with Commission Staff, mitigate or repair any coating anomalies found under paved roads or highways that affect the integrity of the pipeline.

Dated at Olympia, Washington and effective this      day of January, 2001.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner