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January 30, 2006

Alan E. Rathbun  
Pipeline Safety Director  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Dr. SW  
Olympia, WA 98504

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Dear Mr. Rathbun:

**Subject: Docket # PG-030438, Quarterly Report; October 1, 2005 to December 31, 2005**

This report contains the results of analyses performed by Cascade Natural Gas to update your office with our progress regarding the Compliance Order issued by the Commission. The complaint covered these primary topics: overpressure discovery and remedial action, pressure recorder maintenance, MAOP documentation issues, maintenance compliance, instrument calibration, and procedures manual review. The following are short summaries of those topics.

**Overpressure Discovery and Remedial Action:**

For the period October 1, 2005 to December 31, 2005 we have found 8 indications of overpressure on our pressure recorder charts. These indications were investigated as they were found. The investigations determine if an overpressure occurred, if a regulation device malfunctioned, if the chart malfunctioned, or a combination of those. Our 8 investigations confirmed that 5 overpressures occurred, and these were reported to WUTC. Investigations showed that no distribution system damage resulted from these events.

Comparing the results for this period with the last report on October 28, 2005:

Reporting Period	Overpressure Indications	Confirmed Overpressures	% of Indications that were Overpressures	Average Indications per Month
July 1 to September 30	22	3	13.6%	7
October 1 to December 31	8	5	62.5%	2.6

The likely reason for the reduction of reported overpressures is our emphasis on analysis and remediation for the cause of the overpressure as well as new WAC telephonic reporting requirements. The higher percentage of true overpressures versus indications is due to the improvements in our system so that fewer false indications occur. This indicates our procedures are achieving the results we desire. We will continue this program and performance monitoring.

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**Pressure Recorder Maintenance:**

For the period October 1, 2005 to December 31, 2005 we detected 81 pressure recorder irregularities. These irregularities included recorders out of calibration, wind and weather conditions, near by construction activities causing unusual readings, pen failures, etc. Remedial actions were taken for each irregularity: recalibrating the recorder, bracing or moving the recorder box, replacing the pen, etc.

Reporting Period	Chart Irregularities	Months	Average Irregularities per Month
July 1 to September 30	39	3	13
October 1 to December 31	81	3	27

The increase in the irregularity rate for our devices is likely due to increased scrutiny of irregular indications noted on pressure recording charts, weather conditions and construction activities affecting the pressure recorders and charts. Moisture affected several charts due to the rainy conditions, while chart recorders were affected by construction activities and wind conditions, which is normal for this time of year. We will continue to monitor this measure and remove, relocate or fix inaccurate recorder charts.

**MAOP documentation issues**

We experienced very few problems this period with incorrect MAOPs being written on facility maintenance or system surveillance forms. The associated documentation was corrected and field personnel were retrained. None of these resulted in an over-pressure situation. Our current program of centralized MAOP data, records review, and retraining has improved our performance. We will continue this program and performance monitoring.

**Maintenance Compliance**

A maintenance compliance audit covering the period October 1, 2005 to December 31, 2005 was performed. We did not miss any of the 49 CFR Part 192 or WAC 480-93 prescribed periods for compliance on regulating stations, operational valves, patrols, cathodic protection surveys, and leak surveys.

Our last report (2<sup>nd</sup> quarter report) that was submitted to staff noted a few occurrences where tests were performed near the end of one month, with the intent that the tests apply for the following month. Example: Performing tests on August 31, intending these to count as tests for September, and subsequently taking reads in October. This quarter there were no problems regarding calendar monthly sniff checks. This indicates that our training and reviews have

improved this task. Monthly sniff checks have been added to our standard compliance task tracking system. We will apply the target schedule method to continue monitor this program.

#### **Instrument Calibration**

Our analysis of instrument calibrations found that no leak detection instruments out of compliance during the study period. This coming quarter, we will complete entry of leak detection equipment into the compliance task tracking system.

#### **Procedures Manual Review**

We are currently finishing up the review of our Operations & Maintenance procedures manual for compliance with applicable pipeline safety codes (49 CFR Part 192, WAC 480-93).

Our comparison of our procedures to the rule requirements is not entirely completed. At this time, the comparison has found no gaps, except the recently changed WAC Rules. Some of our procedures have already been updated to match the requirements. We are modifying our procedures to the new requirements, and developing a training plan.

If you have questions about this report, please contact me.

Sincerely,  
CASCADE NATURAL GAS CORPORATION



Keith A. Meissner  
Manager, Safety & Compliance  
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