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VIA Electronic Mail

September 28, 2012

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Pk. Dr. SW
PO Box 47250
Olympia, WA 98504-7250

RE: Commission Investigation into the Need to Enhance the Safety of Natural Gas
Distribution Systems, Docket UG-120715
Comments of Cascade Natural Gas Corporation

Dear Mr. Danner:

In response to the Washington Utilities and Transportation Commission (Commission) request for comments issued on August 24, 2012, regarding Cascade's replacement plans. Cascade Natural Gas Corporation (Cascade) submits the following comments.

Pipeline Replacement Plans

A. Identification of Pipe of Concern:

Cascade is currently targeting replacement of bare steel and pre-CNG piping systems. Pre-CNG is vintage gas pipe distribution systems supplied by manufactured gas plants that were originally installed, owned, operated and maintained by others prior to 1955 before natural gas was introduced to the Pacific Northwest. Cascade purchased and acquired a number of these systems in the late 1950s and throughout the 1960s. The condition of the pre-CNG pipe is coal tar wrapped. This pipe is of concern since it is at least 60 years old and lacked cathodic protection until the early 1970s, leaving the pipe suspect to corrosion risk. The extent of this pipe varies throughout Cascade systems and depends on the history of the system and how it

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was acquired by Cascade. Gas distribution system's in Washington where the majority of this pre-CNG pipe resides is in the towns of Longview, Anacortes, and Shelton. Actions Cascade is currently taking to eliminate risk concerns in their distribution system is large scale replacement projects in Bend, OR, Anacortes, and Longview totaling approximately 30,000 ft of main and over 500 services starting in the summer of 2012. Cascade has created comprehensive engineering costs estimates and will have actual pricing information during the 3rd and 4th quarter of 2012.

Cascade has not developed an overall replacement plan but is currently operating on project by project basis as identified in the previous paragraph. As such each project has its own unique characteristics and circumstances that are built into the projects.

B. Scope of Work/Program Rational:

Cascade has none of the referenced problematic plastic pipe, as noted above Cascade's plan and focus is on bare steel and pre-CNG pipe in specific locations.

C. Project Costs Estimates:

Each project has been included in the Company's budget supplied to the Commission previously.

D. Pipeline Threat Model and Methodology:

Cascade's Distribution Integrity Management Program (DIMP) is one of the vehicles for identifying and prioritizing high risk pipe. Cascade's DIMP has recently been audited by the Commission Staff. Cascade is awaiting audit findings and anticipates potential modifications to the model as a result of the audit findings. However, Cascade also relies on the field expertise of its personnel most familiar with the pipe in the ground to identify and prioritize the most problematic and high risk pipe. It's through this field expertise that Cascade is acting on its current replacement program in Longview and Anacortes.

E. Other Factors:

Cascade's replacement plan is of a magnitude not experienced before. Typical project requirements, such as underground spacing with other utilities, high volume traffic areas, restoration requirements, and minimizing impacts to businesses and residents are all being taken into account, not only in cost factors but time requirements.

F. Interim Safety Measures:

As part of the DIMP, the identified highest ranked areas are evaluated and planned for accordingly. This plan is currently underway and is being evaluated by the Commission's pipeline staff for comments and suggestions.

G. Reporting Progress Reports:

Once projects are identified and budgeted, status updates are provided to key personnel/management on a monthly basis.

Cascade appreciates the opportunity to submit comments and participate in the workshops on this topic. Please direct any questions regarding these comments to the Mike Parvinen at (509)734-4593.

Sincerely,

A handwritten signature in blue ink, appearing to read "Michael Parvinen", followed by a long horizontal line extending to the right.

Michael Parvinen
Manager, Regulatory Affairs