



COPY

File

STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

MEMORANDUM

DATE: July 29, 2004

TO: Marilyn Showalter, Chairwoman
Richard Hemstad, Commissioner
Patrick Oshie, Commissioner

FROM: Alan Rathbun, Pipeline Safety Director

SUBJECT: Docket No. PG-030438
Cascade Natural Gas Company
Commission Staff Proposal for the Commission to Issue a Complaint for
the 2003 Standard Natural Gas Pipeline Inspection probable violations
and repeat violations.

**Recommendation: Issue a complaint in Docket No. PG-030438 against Cascade
Natural Gas Company (CNG)**

The Commission Staff proposes that the Commission issue a complaint against CNG for violations identified in the 2003 Standard Natural Gas Pipeline Inspection of CNG's facilities in Bellingham and Mt. Vernon areas.

The Commission has adopted rules regarding safety requirements for the operations and maintenance of gas pipelines. CNG owns and operates a natural gas distribution system, and is subject to these rules.

Staff's 2003 standard inspection identified seven instances where CNG failed to comply with certain Commission rules that relate to improper testing and not having a procedure for heat fusion, solvent cement or adhesive joints, failing to patrol "mains", failing to perform maintenance on regulator stations, exceeding the Maximum Allowable Operating Pressure, exceeding valve maintenance, and leak detection equipment calibration exceeded the required manufacturers recommendation. The details of each alleged violation is set forth in the inspection report.



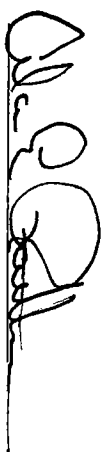
RMG
RPH

In previous inspections, CNG has acknowledged and agreed to fix the non-compliances. However, the 2003 inspection identified that CNG remained out of compliance; therefore many of the alleged violations are categorized as repeat violations.

The Commission has options in dealing with pipeline safety violations. It can issue penalties under RCW 80.28.212, which carries a maximum penalty of \$25,000 per violation. In addition, or in the alternative, the Commission can order a public service company such as CNG to improve its services or facilities, RCW 80.28.040 and .130. Accordingly, should the Commission find that past CNG practices are not adequate, the Commission has the discretion to require CNG to implement adequate practices.

It is Staff's recommendation that the Commission issue a complaint against CNG, to determine whether the company violated rules as alleged and whether its practices are adequate to protect public safety.

Staff's 2003 investigation report is attached for your review. A meeting to discuss this issue has been scheduled **Friday, July 30, 2004 at 1:30 p.m.**



ALAN E. RATHBUN
Pipeline Safety Director