

Agenda Date: August 10, 2023
Item Number: E3

Docket: PG-230424
Company Name: Cascade Natural Gas Corporation

Staff: Dennis Ritter, Chief Engineer, Pipeline Safety
Derek Norwood, Pipeline Safety Engineer

Recommendation

Issue an order approving Cascade Natural Gas Corporation’s (Cascade or Company) 2023-2025 Two-Year Plan filed on June 1, 2023. Cascade’s Two-Year Plan is consistent with the Commission Policy addressing elevated risk pipeline facilities in Washington State.

Background

On December 31, 2012, the Washington Utilities and Transportation Commission (Commission) issued a Policy Statement entitled “Commission Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk”¹ (Policy Statement). Pursuant to the Policy Statement, each investor-owned gas pipeline utility company filed a Master Plan (Plan) in 2013 for replacing pipe that represents an elevated risk of failure. The Policy Statement also requires that Cascade file a Two-Year Plan that specifically identifies the pipe replacement program goals for the upcoming two-year period.

On June 1, 2023, Cascade filed its 2023-2025 Two-Year Plan with the Commission. Commission staff (Staff) finds that the Company’s 2023-2025 Two-Year Plan meets the requirements of the Policy Statement, with respect to pipeline safety.

I. Plan Requirements

Under the Policy Statement, Cascade’s Two-Year Plan was to be filed by June 1, 2023, covering planned pipeline replacement for the next two years. The plan has three parts: (1) a Master Plan for replacing all facilities with an elevated risk of failure; (2) a Two-Year Plan that specifically identifies the pipe replacement program goals for the upcoming two-year period; and if applicable, (3) a Pipe Location Plan for identifying the location of pipe or facilities that present an elevated risk of failure.²

¹ “Commission Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk (December 31, 2012) (Policy Statement) (Docket UG-120715).

² Policy Statement at 11, ¶ 42

Each plan must also:

- Target pipe or facilities that pose an elevated risk of failure.
- Be a measured and reasonable response in relation to the elevated risk, and the program must not unduly burden ratepayers.
- Be in the public interest.³

II. Commission Staff's Review of Cascade's 2023-2025 Two Year Plan

A. Overview

Cascade's plan indicates that the following types of gas pipe with an elevated risk of failure are present within its Washington service area and has placed them in the Master Plan under the category of Early Vintage Steel Pipe (EVSP). EVSPs are steel mains, service lines, and associated fittings installed earlier than January 1, 1970, that historically may or may not have been cathodically protected prior to 49 CFR Part 192 which required it after July 31, 1971. These segments also are either bare steel or coal tar wrapped which could accelerate the corrosion threat. EVSP subsets include:

- Pre-Cascade pipe—These lines were originally installed, owned, operated, and maintained by others prior to 1955. Cascade acquired many of these systems in the late 1950s and throughout the 1960s;
- 1950s-1960s Fish Service & Management Corporation (FISH) installed steel pipeline segments—FISH pipe tends to have an elevated likelihood to have leaks associated with material and welds;
- Pre-1970 pipeline segments—These pipeline segments were originally installed by either Cascade employees or other contractors hired by Cascade. These are not classified as either Pre-Cascade or FISH. This pipe has an elevated weld failure risk associated with leaks on vintage metal arc welds and acetylene gas welds.

B. Evaluation of the Required Plan Elements

1. Whether the Company's Plan Targets Pipe that Poses an Elevated Risk of Failure

Cascade initiated replacements for each of the preceding types of gas pipelines with elevated risk of failure. New projects were added consistent with their Distribution Integrity Management Plan (DIMP) model and additional data was collected during the last two-year cycle with input from Cascade subject matter experts (SMEs). Projects are appropriately prioritized and ranked per the Cascade DIMP model.

³ Policy Statement at 12-14, ¶¶ 45-56.

With the exception of the addition of new projects, cancellations, rescheduling of projects with permitting issues, and the deletion of completed projects, Cascade's 2023-2025 Two-Year Plan is essentially unchanged from the previous Two-Year Plan. Since the replacement program's development in 2012, Cascade has replaced 86.9 miles of pipeline.

2. Pipe Location Plan

Cascade monitors the location of EVSP that presents an elevated risk of failure by reviewing system information that includes leak repairs, active leaks, and exposed pipe condition reports. In conjunction with reviewing system performance data, the geographic information system (GIS) and risk analysis are being utilized to proactively identify any new areas that may present an elevated risk of failure.

3. Whether the Company's Plan is a Measured and Reasonable Response in Relation to the Elevated Risk

Based on staff review, Cascade's Plan is a measured and reasonable response to the elevated risks identified. The plan adequately addresses facilities with an elevated risk of failure and outlines a plan to replace them. Additionally, Cascade classifies unknown pipe as higher risk, and therefore this pipe is placed on the priority replacement schedule.

C. Impact on Rates

In accordance with Paragraph 64 of the Commission's policy statement, Cascade will submit information for a Cost Recovery Mechanism (CRM) with its plan. Regulatory Services staff will present the CRM in a separate filing.

III. Conclusion

Cascade is remediating elevated risk pipeline facilities according to their Master Plan. The 2023-2025 Two-Year Plan has been updated to reflect newly added projects and completed projects. Since the initiation of the replacement program, Cascade has replaced 86.9 miles of high risk pipelines. Cascade's PRP is appropriately based on available information and replacement projects are prioritized according to the highest risk segments. Staff recommends approval of Cascade's 2023-2025 Two-Year Plan filed on June 1, 2023.