

Agenda Date: September 26, 2019
Item Number: E4

Docket: PG-190452
Company Name: Cascade Natural Gas Corporation

Staff: Joe Subsits, Chief Pipeline Safety Engineer
Dave Cullom, Pipeline Safety Engineer

Recommendation

Issue an order approving Cascade Natural Gas Corporation's (Cascade or company) 2019 Pipeline Replacement Program Plan (PRP) filed on May 31, 2019. Cascade's 2019-2021 Two-Year Plan is consistent with the Commission Policy addressing elevated risk pipeline facilities in Washington.

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, in 2013 each investor-owned gas pipeline utility company filed a Master Plan (Plan) 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 May 31, 2019, Cascade Natural Gas Corporation (Cascade or company) filed its 2019-2021 Two-Year Plan with the commission. Staff finds that the company's 2019-2021 Two-Year Plan meets the requirements of the Policy Statement, with respect to pipeline safety.

I. Plan Requirements

Under the Policy Statement, the fourth Two-Year Plan was to be filed by June 1, 2019, covering planned pipeline replacement for the next two years. The plan has three parts: (1) a Master Plan (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 2019-2021 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). EVSP are steel mains, service lines, and associated fittings installed earlier than January 1, 1970, that historically may or may not have been cathodically protected until the code required it in the 1970s. These segments also are either bare steel or coal tar wrapped which accelerates a corrosion threat. ESVP subsets include:

- Pre-Cascade pipe - These lines were installed by other entities in the 1950s and 1960s, and later acquired by Cascade;
- 1950s-1960s Fish Service & Management Corporation (FISH) installed steel pipeline segments - FISH pipe also 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 also 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

Cascade initiated pipe replacements for each of the preceding types of gas pipes with the vast majority of current replacement still being the Pre-Cascade, bare steel/poorly coated steel lines located in Longview and the Anacortes FISH pipeline segments. Additionally, there are three projects planned for east of the Cascades of FISH and Pre-1970 pipeline segments in Yakima and Wenatchee. The Bremerton District has one project scheduled for a Pre-1970 pipeline segment. The majority of the planned projects are contained, however, in Northwest and Southwest Washington and all consist of pipeline segments classified as ESVP.

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

New projects were added consistent with the Distribution Integrity Management Plan (DIMP) model and additional data collected during the last two-year cycle and input from Cascade subject matter experts. Cascade's Two-Year Plan meets the requirements of the Master Plan and Two-Year Plan. Projects are appropriately prioritized and ranked per the Cascade DIMP model.

High risk lines in the 2019-2021 Two-Year Plan are shown in red, orange, and yellow in Appendix A, DIMP Model Output. Red represents highest risk, followed by orange, and yellow. Only lines with high or moderate risk are included in the replacement schedule. It should be noted that there still may be some project overlap between the lines replaced under this program and commission Docket PG-150120.

Cascade updated Appendix B showing before and after mapping of replacements for Longview, Anacortes, and Shelton.

Cascade added information to the PRP making it easier to see Cascade's progress in addressing their high-risk pipelines. Cascade's 2019-2021 Two-Year Plan is revised from the previous Two-Year Plan, in Appendix C, by the addition of new projects, cancellations, rescheduling of projects with permitting issues, and the deletion of completed projects. It also shows what funding sources are associated with each project. Since the replacement program's development in 2012, Cascade has replaced over 61 miles of main.

Cascade's Plan includes a Pipe Location Plan for identifying the location of ESVP that present an elevated risk of failure. Cascade is using a variety of tools to identify high risk pipelines including unknown pipe. Cascade is using the output from its DIMP model⁴ to categorize the prioritization of its plan. Additionally, Cascade classifies unknown pipe as higher risk, and therefore this pipe is on the priority replacement schedule⁵.

C. Impact on Rates

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

⁴ Policy Statement at 12, ¶ 47

⁵ Policy Statement at 12, ¶ 45-46

III. Conclusion

Cascade is remediating elevated risk pipeline facilities according to their Master Plan. The 2019-2021 Two-Year Plan has been updated to reflect newly added projects and completed projects. Since initiation of the replacement program, Cascade has replaced over 61 miles of high risk pipelines. Staff recommends approval of Cascade's 2019-2021 Two-Year Plan filed on May 31, 2019.