



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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CERTIFIED MAIL

Nov. 23, 2016

Eric Martuscelli
Vice President-Operations
Cascade Natural Gas Corporation
8113 W Grandridge Blvd
Kennewick, WA 99336

Dear Mr. Martuscelli:

RE: 2016 Natural Gas Standard Inspection - Cascade Natural Gas Corporation, Yakima District (Insp. No. 6775)

Staff from the Washington Utilities and Transportation Commission (staff) conducted a Standard Natural Gas inspection from Sept. 20 - 22, 2016, and on Oct. 19, 2016 of Cascade Natural Gas Corporation, Yakima District. The inspection included a records review and inspection of certain pipeline field facilities.

Our inspection indicates a series of four (4) probable violations as noted in the enclosed report.

Your response needed

Please review the attached report and respond in writing by Dec. 26, 2016. The response should include how and when you plan to bring the probable violations into full compliance.

What happens after you respond to this letter?

The attached report presents staff's decision on probable violations and does not constitute a finding of violation by the commission at this time.

After you respond in writing to this letter, there are several possible actions the commission, in its discretion, may take with respect to this matter. For example, the commission may:

- Issue an administrative penalty under RCW 81.04.405; or

- Issue a complaint under RCW 81.88.040, seeking monetary penalties, changes in the company's practices, or other relief authorized by law, and justified by the circumstances. Any pipeline company that violates any pipeline safety provision of any commission order, or any rule in this chapter including those rules adopted by reference, or chapter 81.88 RCW is subject to a civil penalty not to exceed two hundred thousand dollars for each violation for each day that the violation persists. The maximum civil penalty for a related series of violations is two million dollars; or
- Consider the matter resolved without further commission action.

We have not yet decided whether to pursue a penalty or complaint in this matter. Should the commission decide to assess a penalty or initiate a complaint, your company will have an opportunity to respond and formally present its position.

If you have any questions or if we may be of any assistance, please contact Scott Rukke at (360) 664-1241. Please refer to the subject matter described above in any future correspondence pertaining to this inspection.

Sincerely,



Alan E. Rathbun
Pipeline Safety Director

Enclosure

cc: Steve Kessie, Director, Operation Services, CNGC
Jeremy Ogden, Director, Engineering Services, CNGC
Mike Eutsey, Manager, Standards and Compliance, CNGC

UTILITIES AND TRANSPORTATION COMMISSION
2016 Natural Gas Pipeline Safety Inspection
Cascade Natural Gas Corporation, Yakima District

The following probable violations of Title 49 CFR Part 192 and WAC 480-93 were noted as a result of the 2016 inspection of the Cascade Natural Gas Corporation, Yakima District. The inspection included a random selection of records, operation and maintenance (O&M), emergency response, inventory, and field inspection of the pipeline facilities.

PROBABLE VIOLATIONS

1. 49 CFR § 192.723(b)(1) Distribution systems: Leakage surveys

(b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:

(1) A leakage survey with leak detector equipment must be conducted in business districts, including tests of the atmosphere in gas, electric, telephone, sewer, and water system manholes, at cracks in pavement and sidewalks, and at other locations providing an opportunity for finding gas leaks, at intervals not exceeding 15 months, but at least once each calendar year.

Finding(s):

CNG's leak survey maps indicate that leak surveys for the following business district pipeline facilities exceeded 15 months between surveys and that they were not conducted once each calendar year as required:

- a. **Grandview – main located at N. Euclid Rd and W. Wine Country Rd.**
Map number: Grandview 5-E, Section 1.
Surveyed on 6/19/2014 and again on 7/27/2016. Appears to have been missed during the 07/15/2015 leak survey.
- b. **1413/1501 Yakima Valley Highway.**
Map number Sunnyside 7-F, Section 1.
Surveyed on 7/30/2014 and again on 9/2016. Appears to have been missed on 8/13/2015.

Note:

It was not determined at the time of this inspection whether this was a record keeping issue and the survey maps were inadvertently not marked or whether the surveys were actually not completed.

2. WAC 480-93-110(5)(d) Corrosion Control

(5) Each gas pipeline company must conduct inspections or tests for electrical isolation between metallic pipeline casings and metallic pipelines at least once annually, but not to exceed fifteen months between inspections or tests. The test or

inspection must also determine whether the pipeline has adequate levels of cathodic protection at the casing to pipeline interface. These requirements do not apply to unprotected copper inserted in ferrous pipe.

(d) Whenever a short exists between a line pipe and casing, the gas pipeline company must perform a leak survey within ninety days of discovery and at least twice annually thereafter, but not to exceed seven and one-half months between leak surveys until the shorted condition is eliminated.

Finding(s):

CNG's 180 Day Shorted Casing Leak Survey form indicates that the following shorted casings were not leak surveyed twice annually or at a frequency not to exceed seven and one half months as required:

- a. **Casing 781-CA-011, 201 N. Railroad Ave, Selah:** Records indicate that this casing failed a Tinker Razor shorted casing test during the 9/18/2014 annual survey at which time a leak survey was conducted indicating no gas was found. CNG was unable to provide records indicating that this shorted casing was leak surveyed at an interval not to exceed 7.5 months as required and it was not on the CNG 180 Day Shorted Casing Leak Survey form which was completed on 2/11/2015.
- b. **Casing 324-CA-012, Grandview Rd N of W 5th St, Grandview:** Records indicate that this casing failed a Tinker Razor shorted casing test during the 9/12/2014 – 9/15/2014 annual survey at which time a leak survey was conducted indicating no gas was found. CNG was unable to provide records indicating that this shorted casing was leak surveyed at an interval not to exceed 7.5 months as required and it was not on the CNG 180 Day Shorted Casing Leak Survey form which was completed on 2/12/2015.
- c. **Casing 325-CA-008, Hwy 223 & West Blvd, Granger:** Records indicate that this casing failed a Tinker Razor shorted casing test during the 9/12/2014 – 9/15/2014 annual survey at which time a leak survey was conducted indicating no gas was found. CNG was unable to provide records indicating that this shorted casing was leak surveyed at an interval not to exceed 7.5 months as required and it was not on the CNG 180 Day Shorted Casing Leak Survey form which was completed on 2/12/2015.
- d. **Casing 823-CA-011, Factory Rd East of Yakima Valley Hwy, Sunnyside:** Records indicate that this casing failed a Tinker Razor shorted casing test during the 9/12/2014 – 9/15/2014 annual survey at which time a leak survey was conducted indicating no gas was found. CNG was unable to provide records indicating that this shorted casing was leak surveyed at an interval not to exceed 7.5 months as required and it was not on the CNG 180 Day Shorted Casing Leak Survey form which was completed on 2/12/2015.

- e. **Casing 823-CA-029, Yakima Valley Hwy., S of E Edison Rd, Sunnyside:** Records indicate that this casing failed a Tinker Razor shorted casing test during the 9/12/2014 – 9/15/2014 annual survey at which time a leak survey was conducted indicating no gas was found. CNG was unable to provide records indicating that this shorted casing was leak surveyed at an interval not to exceed 7.5 months as required and it was not on the CNG 180 Day Shorted Casing Leak Survey form which was completed on 2/12/2015.

3. **§192.619(a)(3) Maximum allowable operating pressure - Steel or plastic pipelines**

(a) *No person may operate a segment of steel or plastic pipeline at a pressure that exceeds a maximum allowable operating pressure determined under paragraph (c) or (d) of this section, or the lowest of the following:*

(c) *or (d) of this section, or the lowest of the following:*

(3) *The highest actual operating pressure to which the segment was subjected during the 5 years preceding the applicable date in the second column. This pressure restriction applies unless the segment was tested according to the requirements in paragraph (a)(2) of this section after the applicable date in the third column or the segment was uprated according to the requirements in subpart K of this part:*

<i>Pipeline segment</i>	<i>Pressure date</i>	<i>Test date</i>
<i>All other pipelines.</i>	<i>July 1, 1970</i>	<i>July 1, 1965</i>

Finding(s):

CNG has the following coated steel mains that do not have pressure test records available. CNG was able to provide historical operating pressure records for all but one of these mains that indicate what the pipelines operated at in the 5 year window prior to July 1, 1970. CNG was unable to provide uprate records that would substantiate the current MAOPs for these pipelines.

a. **Toppenish. South of Satus between S. D St and S. E St. (#3B pre inspection request)**

This main was installed in April of 1959. No pressure test records are available. CNG provided a Statistical Data Sheet (CNG Form 311) for this system indicating that the historical operating pressure in the 5 year window prior to July 1, 1970 was 30 psig. Per the requirements of 192.619 the MAOP of this pipeline is 30 psig. Current operating pressure is 54 psig.

b. **Wapato. N. Lincoln Ave north off E. Wapato Dr. (#1B pre inspection request)**

This main was installed in June of 1957. No pressure test records are available. CNG provided a Statistical Data Sheet (CNG Form 311) for this system indicating that the historical operating pressure in the 5 year window prior to July 1, 1970 was 45 psig. Per the requirements of 192.619 the MAOP of this pipeline is 45 psig. Current operating pressure is 58 psig.

c. Grandview. W. 3rd between Hillcrest and Euclid. (#5B pre inspection request)

This main was installed in October of 1964. No pressure test records are available. CNG provided a Statistical Data Sheet (CNG Form 311) for this system indicating that the historical operating pressure in the 5 year window prior to July 1, 1970 was 40 psig. Per the requirements of 192.619 the MAOP of this pipeline is 40 psig. Current operating pressure is 56 psig.

d. Granger. W. 1st St and West Blvd S. (#4B pre inspection request)

This main was installed in February of 1964. No pressure test records are available. CNG provided a Statistical Data Sheet (CNG Form 311) for this system indicating that the historical operating pressure in the 5 year window prior to July 1, 1970 was 30 psig. Per the requirements of 192.619 the MAOP of this pipeline is 30 psig. Current operating pressure is 45 psig.

4. §192.805 Qualification Program

Each operator shall have and follow a written qualification program. The program shall include provisions to:

(a) Identify covered tasks;

(b) Ensure through evaluation that individuals performing covered tasks are qualified;

Finding(s):

CNG bases their Operator Qualification Program on the Midwest Energy Associations (MEA) training and evaluation criteria. In order to conduct quarterly patrols, employees must be qualified to MEA covered task 192-0901, System Patrolling. CNG's Operator Qualification procedures, CP-503, requires that only qualified individuals perform covered tasks unless they are under the direct supervision of a qualified individual.

CNG's System Surveillance Record (CNG Form 286), dated 1/5/2016 – 1/8/2016, indicates that CNG used an employee for the Yakima 2016 1st quarter patrol that did not have the required MEA 192-0901 qualification.