



STATE OF 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

*Sent Via Email and Electronic Return Receipt Mail*

August 27, 2018

Bruce Reed  
VP of Operations  
Tidewater Terminal Company  
PO Box 1210  
6305 NW Old Lower River Rd  
Vancouver, WA 98660

**RE: 2018 Hazardous Liquid Standard Inspection – Tidewater Terminal Company  
Snake River Terminal (Insp. No. 7563)**

Dear Mr. Reed:

Staff from the Washington Utilities and Transportation Commission (staff) conducted a Standard Inspection of Tidewater Terminal Company's Snake River Terminal (Tidewater SRT) from Jul. 30- Aug.2. This inspection included a records review, observations of employees conducting operator qualified tasks and inspection of the pipeline facilities.

Our inspection indicates **four** probable violations as noted in the enclosed report. We also noted **seven** areas of concern, which unless corrected, could potentially lead to future violation of state and/or federal pipeline safety rules.

**Your response needed**

Please review the attached report and respond in writing by Sept. 28. 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

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- 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 Dennis Ritter at (360) 664-1159. Please refer to the subject matter described above in any future correspondence pertaining to this inspection.

Sincerely,



Sean C. Mayo  
Pipeline Safety Director

Enclosure

cc: Bill Collins, Director EHS&S, Tidewater [bill.collins@tidewater.com](mailto:bill.collins@tidewater.com)  
Mark Davis, Terminal Operations Manager, Tidewater [mdavis@tidewater.com](mailto:mdavis@tidewater.com)  
Ron McClary, Terminal Maintenance Manager, Tidewater [rmcclary@tidewater.com](mailto:rmcclary@tidewater.com)  
Josh Jarman, Quality and Compliance Manager, Tidewater [joshua.jarman@tidewater.com](mailto:joshua.jarman@tidewater.com)  
Stephanie Syring, Environmental Manager, Tidewater [stephanie.syring@tidewater.com](mailto:stephanie.syring@tidewater.com)

**UTILITIES AND TRANSPORTATION COMMISSION**  
**2018 Hazardous Liquid Pipeline Safety Inspection**  
**Tidewater Terminal Company – Snake River Terminal**

The following probable violations and areas of concern of Title 49 CFR Part 195 and WAC 480-75 were noted as a result of the 2018 inspection of the Tidewater Terminal Company's Snake River Terminal. The inspection included a random selection of records, operation and maintenance (O&M), emergency response, and field inspection of the pipeline facilities.

**PROBABLE VIOLATIONS**

1. **49 CFR §195.402 Procedural manual for operations, maintenance, and emergencies.**

*(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:*

*(1) Responding to, investigating, and correcting the cause of:*

*(i) Unintended closure of valves or shutdowns;*

*(ii) Increase or decrease in pressure or flow rate outside normal operating limits;*

*(iii) Loss of communications;*

*(iv) Operation of any safety device;*

*(v) Any other malfunction of a component, deviation from normal operation, or personnel error which could cause a hazard to persons or property.*

**IA Question: Question 1 Abnormal Operating Procedures,** Does the process include procedures for responding to, investigating, and correcting the cause of the listed abnormal operating conditions? MO.ABNORMAL.ABNORMAL.P

**Findings:**

Staff reviewed operator's logs for 2018, 2017, 2016 and found several instances of abnormal operations. Tidewater's Systems Operations Manual (SOM) Section 5.0 identifies abnormal operations. If one of these situations occurs, operators are to call the on-call Tidewater Manager. There were two shutdowns and one loss of communication (which are defined in SOM) in logs with no indication a call to the manager was carried out. There was one log which noted the manager was called for a shutdown.

Section 5.2.9 of the SOM also requires a check of "key locations" prior to restarting the system and that the on call manager must approve the restart prior to commencing. There are no records indicating this check was completed (i.e. checklist, note in the log book, etc.). The procedure does not specify whether the call should be noted in the operator's log. However, the only record indicating compliance with the procedure was the note in the log book. There were no records to show the restart procedure was followed.

Additionally, it was noted during the review of the operator's logs that the log sheets were not completed with name, date and shift.

**Action:** Tidewater needs to update its procedure to specify how operators are to respond to the abnormal condition and record the response.

Also, Tidewater needs to state in its procedure and train their employees that operators need to complete the operator's log (name, date, and shift). Staff found most logs are not filled out with name and shift.

2. **49 CFR §195.402 Procedural manual for operations, maintenance, and emergencies.**

*(d) Abnormal operation. The manual required by paragraph (a) of this section must include procedures for the following to provide safety when operating design limits have been exceeded:*

*(5) Periodically reviewing the response of operator personnel to determine the effectiveness of the procedures controlling abnormal operation and taking corrective action where deficiencies are found.*

**IA Question: Question 7 Abnormal Operating Procedures.** Do records indicate post-event reviews of actions taken by operator personnel to determine the effectiveness of the abnormal operation procedures and whether corrective actions were taken deficiencies were found? MO.ABNORMAL.ABNORMALREVIEW.R

**Findings:**

Tidewater's Systems Operations Manual Section 5.2.9 requires several systems to be checked prior to returning to normal operations after an abnormal shutdown. There was one log which notes a system check, but it is incomplete. The Systems Operations Manual Section 5.2.10 has language requiring Tidewater Management to review abnormal operations and make changes to process or responses as necessary. Tidewater could not find any records showing these reviews were completed even though abnormal operations occurred.

**Action:** Tidewater must document post event reviews and any actions taken to ensure the effectiveness of the procedures.

3. **49 CFR §195.402 Procedural manual for operations, maintenance, and emergencies.**

*(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:*

*(1) Making construction records, maps, and operating history available as necessary for safe operation and maintenance*

**IA Question: Question 3 Normal Maintenance and Operations History.** Does the process address making construction records, maps, and operating history available as necessary for safe operation and maintenance? MO.LO.OMHISTORY.P

**Finding:**

Tidewater's O&M Manual, Section 702(b) requires Tidewater Management to forward the "form" to EHS&S to keep them informed of all changes to maps, but there does not appear to be a "form". The electronic copy seems to be the record copy and although it is available to all employees, the most recent copies (hard copy and electronic) were in the Maintenance Manager's office.

**Action:** Tidewater's process needs to be revised to assign responsibility for updating maps and define the official record copy to ensure the most recent information is available and reflected on maps.

4. **49 CFR §195.404 Maps and records.**

*(b) Each operator shall maintain for at least 3 years daily operating records that indicate—*

*2) Any emergency or abnormal operation to which the procedures under §195.402 apply.*

**IA Question: Question 5 Abnormal Operating Procedures,** Do records indicate operator's personnel responded to indications of abnormal operations as required by the written procedures? MO.ABNORMAL.ABNORMAL.R

**Findings:**

Staff reviewed operator's logs for 2018, 2017, 2016 and found several instances of abnormal operations. Tidewater's Systems Operations Manual (SOM) Section 5.0 identifies abnormal operations. If one of these situations occurs, operators are to call the on-call Tidewater Manager. There were two shutdowns and one loss of communication (which are defined in SOM) in logs with no indication a call to the manager was carried out. There was one log which noted the manager was called for a shutdown.

Section 5.2.9 of the SOM also requires a check of "key locations" prior to restarting the system and that the on call manager must approve the restart prior to commencing. There are no records indicating this check was completed (i.e. checklist, note in the log book, etc.). The procedure does not specify whether the call should be noted in the operator's log. However, the only record indicating compliance with the procedure was the note in the log book. There were no records to show the restart procedure was followed.

Additionally, it was noted during the review of the operator's logs that the log sheets were not completed with name, date and shift.

**Action:** Tidewater must keep records of the actions taken by operators commensurate with the procedure.

## AREAS OF CONCERN OR FIELD OBSERVATIONS

1. **49 CFR§195.432 Inspection of in-service breakout tanks.**

*(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3).*

**IA Question: Question 4 Breakout Tank Inspection-In Service,** Do records document that steel atmospheric or low pressure breakout tanks have received routine in-service inspections at the required intervals and that deficiencies found during inspections have been documented? FS.TSAPIINSPECT.BOINSRVCINSP.R

**Findings:**

Inspectors are not consistent on what constitutes corrosion, pitting, and coating failure. There were boxes on the monthly tank checklist marked "N" for needs attention by one inspector and another inspector marked the same area for the same tank "P" for pass the next month. This was found consistently through the review. There appears to be a need for additional training on what constitutes "N" versus "P".

Also, Tidewater may need to look at adding another line separating out coating failure from corrosion on the checklist as these are two separate but related areas of concern.

2. **49 CFR §195.432 Inspection of in-service breakout tanks.**

*(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3).*

**IA Question: Question 9&15 Breakout tank Inspection,** Is the condition of steel atmospheric or low pressure tanks acceptable? FS.TS.BOINSPECTION.O

**Finding:**

Many of the vents for the internal floating roof tanks (gasoline) have swallow nests in the vent openings. Some were almost completely blocked. This could be an issue in allowing the tank to vent properly during filling/discharge operations

3. **49 CFR §195.432 Inspection of in-service breakout tanks**

*(b) Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel above-ground breakout tanks according to API Std 653 (except section 6.4.3, Alternative Internal Inspection Interval) (incorporated by reference, see §195.3).*

**IA Question: Question 10 Breakout tank Inspection, Internal,** Do records document that steel atmospheric or low pressure breakout tanks have received formal internal inspections at the required intervals and that deficiencies found during inspections have been documented? FS.TSAPIINSPECT.BOINTINSP.R

**Finding:**

Tidewater uses a checklist, *Tank Recommissioning Checklist*, when they place a tank back into service after an internal inspection (or other out of service need). This is a good practice, but the checklist needs to be added to the appropriate procedure and the records tracked.

4. **49 CFR §195.402 Procedural manual for operations, maintenance, and emergencies.**  
*(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:*

*(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.*

**IA Question: Question 6 Breakout Tank Overfill Protection.** Does the process require adequate testing and inspection of overfill devices on aboveground breakout tanks at the required interval? [Note: This question applies to both non-HVL and HVL pressure breakout tanks.] FS.TS.OVERFILLBO.P

**Finding:**

In reviewing maintenance records for overfill protection or operations logs, there were problems noted by the operator or inspector (i.e. sight gauge tape failure, needs paint) during the inspection. However, the procedure does not describe how a problem found during inspection is handled (i.e. work order generated). A description of appropriate follow-up actions should be part of the applicable procedure.

5. **49 CFR §195.402 Procedural manual for operations, maintenance, and emergencies.**  
*(c) Maintenance and normal operations. The manual required by paragraph (a) of this section must include procedures for the following to provide safety during maintenance and normal operations:*

*(3) Operating, maintaining, and repairing the pipeline system in accordance with each of the requirements of this subpart and subpart H of this part.*

**IA Question: Question 2 Establishing Maximum Operating Pressure.** Do records indicate the maximum operating pressure was established in accordance with 195.406? MO.LOMOP.MOPDETERMINE.R

**Findings:**

In reviewing Tidewater's MOP records it was somewhat evident that all the records were not stored/available in one place. This could be an issue if current staff should leave the company. Tidewater should gather all MOP validating documents and put them in one place for the two pipeline systems. Tidewater also needs to clearly state in their System Operating Manual what criteria is used to establish MOP.

6. **49 CFR§195.571 What criteria must I use to determine the adequacy of cathodic protection?**

*Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169 (incorporated by reference, see §195.3).*

**IA Question: Question 11 Cathodic Protection Monitoring Readings.** Do the methods for taking CP monitoring readings allow for the application of appropriate CP monitoring criteria?TD.CPMONITOR.MONITOR.O

**Finding:**

Annual reads (US Tank Protectors Inc.) use instant offs when taking a pipe to soil read to account for IR drop. However, Tidewater doesn't have the ability to interrupt rectifiers. Tidewater borrowed interrupters from Tesoro to perform instant offs for this inspection as they usually perform "on-only" reads. Instant off reads (with a native/depole reading) allow for appropriate application of the CP monitoring criteria.

7. **49 CFR§195.571 What criteria must I use to determine the adequacy of cathodic protection?**

*Cathodic protection required by this subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained paragraphs 6.2.2, 6.2.3, 6.2.4, 6.2.5 and 6.3 in NACE SP 0169 (incorporated by reference, see §195.3).*

**IA Question: Question 11 Cathodic Protection Monitoring.** Do records adequately document required tests have been done on pipe that is cathodically protected?TD.CPMONITOR.TEST.R

**Finding:**

Tidewater does not have native/depole readings for the SRT Pasco Rail diesel line. During the inspection, reads below -850 mV off were noted. Tidewater's corrosion engineer noted that a partial depole occurred after a short on the SRT Pasco rail diesel line in 2016 allowed the line to partially depole. These partial depole reads allow the 100 mV shift to be used, however, Tidewater should conduct a depole study on SRT to BN diesel line to allow for appropriate application of the CP monitoring criteria.