



U.S. Department
of Transportation
**Pipeline and Hazardous
Materials Safety
Administration**

1200 New Jersey Avenue SE
Washington DC 20590

2011 Natural Gas State Program Evaluation

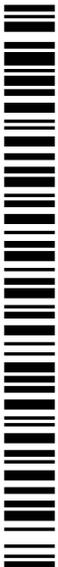
for

Washington Utilities and Transportation Commission

Document Legend

PART:

- O -- Representative Date and Title Information
- A -- Progress Report and Program Documentation Review
- B -- Program Inspection Procedures
- C -- Program Performance
- D -- Compliance Activities
- E -- Incident Investigations
- F -- Damage Prevention
- G -- Field Inspections
- H -- Interstate Agent State (If Applicable)
- I -- 60106 Agreement State (If Applicable)



2011 Natural Gas State Program Evaluation -- CY 2011
Natural Gas

State Agency: Washington
Agency Status:
Date of Visit: 06/04/2012 - 06/08/2012
Agency Representative: David Lykken, Director Pipeline Safety
 Steven King, Director Safety & Consumer Protection
 Joe Subsits, Chief Pipeline Safety Engineer
 Marina Woodard, Administrative Assistant
PHMSA Representative: Glynn Blanton, DOT/PHMSA State Programs
Commission Chairman to whom follow up letter is to be sent:
Name/Title: Jeffrey D. Goltz, Chairman
Agency: Washington Utilities and Transportation Commission
Address: 1300 South Evergreen Park Drive SW, PO Box 47250
City/State/Zip: Olympia, WA 98504-7250

INSTRUCTIONS:

Complete this evaluation in accordance with the Procedures for Evaluating State Pipeline Safety Program. The evaluation should generally reflect state program performance during CY 2011 (not the status of performance at the time of the evaluation). All items for which criteria have not been established should be answered based on the PHMSA representative's judgment. A deficiency in any one part of a multiple part question should be scored as needs improvement. Determine the answer to the question then select the appropriate point value. If a state receives less than the maximum points, include a brief explanation in the space provided for general comments/regional observations. If a question is not applicable to a state, select NA. Please ensure all responses are COMPLETE and ACCURATE, and OBJECTIVELY reflect state program performance. Increasing emphasis is being placed on performance. This evaluation together with selected factors reported in the state's annual progress report attachments provide the basis for determining the state's pipeline safety grant allocation.

Field Inspection (PART G):

The field inspection form used will allow different areas of emphasis to be considered for each question. Question 13 is provided for scoring field observation areas. In completing PART G, the PHMSA representative should include a written summary which thoroughly documents the inspection.

Scoring Summary

PARTS	Possible Points	Points Scored
A Progress Report and Program Documentation Review	10	10
B Program Inspection Procedures	15	15
C Program Performance	43	43
D Compliance Activities	14	14
E Incident Investigations	9	9
F Damage Prevention	8	8
G Field Inspections	12	12
H Interstate Agent State (If Applicable)	7	7
I 60106 Agreement State (If Applicable)	0	0
TOTALS	118	118
State Rating		100.0

PART A - Progress Report and Program Documentation Review

Points(MAX) Score

- | | | | |
|----------|---|---|---|
| 1 | Accuracy of Jurisdictional Authority and Operator/Inspection Units Data - Progress Report Attachment 1 (A1a)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Information entered into Attachment 1 was correct. A review of office records indicated all inspection units match records described in the progress report attachments. Totals and Information on Attachment 3 is consistent with the operator unit totals on Attachment 1. No areas of concerns were found or noted.

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|----------|--|---|---|
| 2 | Review of Inspection Days for accuracy - Progress Report Attachment 2 (A1b)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

A review of the 2011 WUTC Progress Report found the number of inspection days entered for each operator type and inspection performed was correct with file records. WUTC maintains a spreadsheet showing the number of activities performed by each engineer, operator type and unit.

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| 3 | Accuracy verification of Operators and Operators Inspection Units in State - Progress Report Attachment 3 (A1c)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

The number of operators and inspection units on Attachment 3 match the records maintained by WUTC.

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| 4 | Were all federally reportable incident reports listed and information correct? - Progress Report Attachment 4 (A1d)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, a review of PHMSA's ODES database indicated incidents were reported as shown on Attachment 4 correctly. The incident that occurred on Puget Sound Energy facility 9/26/2011 is still under investigation by WUTC. WUTC anticipates the report will be made available in 2012.

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| 5 | Accuracy verification of Compliance Activities - Progress Report Attachment 5 (A1e)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Information on attachment 5 was verified and found to match the WUTC file records. The number of carryover violations is monitored and updated when an inspection is performed. No areas of concern.

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| 6 | Were pipeline program files well-organized and accessible? - Progress Report Attachment 6 (A1f, A4)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, a review of the file folders provided by WUTC in the conference room found all major operator file folders were established by year. Each file contained the inspection report and letter to the operator. A review of files indicates WUTC is completing all sections of the inspection form. All reports reviewed support the safety program activities and inspections performed.

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| 7 | Was employee listing and completed training accurate and complete? - Progress Report Attachment 7 (A1g)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, a detailed review of employees listed on attachment 7 was conducted using a spreadsheet to post the date each individual completed the T&Q courses. This information was compared to the SABE training. Each inspector category was listed correctly.



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| 8 | Verification of Part 192,193,198,199 Rules and Amendments - Progress Report Attachment 8 (A1h)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

A review of PHMSA State Program rules and regulations in SharePoint for WUTC indicate civil penalty amounts for pipeline safety regulations match the federal amounts. All federal regulations pertaining to Part 192, 193, 198 and 199 have been adopted.

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| 9 | List of Planned Performance - Did state describe accomplishments on Progress Report in detail - Progress Report Attachment 10 (H1-3)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, WUTC provided a description of their planned annual and long term goals for the pipeline safety program in attachment 10 of the 2011 WUTC Progress Report.

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| 10 | General Comments:
Info Only = No Points | Info Only | Info Only |
|-----------|--|-----------|-----------|

Evaluator Notes:

It was noted the number of violations reported by WUTC in attachment 5 includes WAOC rules. WAOC rules pertain to pipeline safety issues and are more stringent than PHMSA's regulations for pipeline operators. No areas of concern were found in this section of the review.

Total points scored for this section: 10
Total possible points for this section: 10



PART B - Program Inspection Procedures

Points(MAX) Score

1 Standard Inspections (B1a) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:
 Yes, WUTC Pipeline Safety Section Policy & Procedures Manual, Sections 14-16 address this item

2 IMP Inspections (including DIMP) (B1b) 1 1
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
 Yes, WUTC Pipeline Safety Section Policy & Procedures Manual, Section 22 address this item.

3 OQ Inspections (B1c) 1 1
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
 Yes, WUTC Pipeline Safety Section Policy & Procedures Manual, Section 17 address this item.

4 Damage Prevention Inspections (B1d) 1 1
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
 Yes, WUTC Pipeline Safety Section Policy & Procedures Manual, Section 31 address this item.

5 On-Site Operator Training (B1e) 1 1
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
 Yes, WUTC Pipeline Safety Section Policy & Procedures Manual, Section 27 address this item.

6 Construction Inspections (B1f) 1 1
 Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
 Yes, WUTC Pipeline Safety Section Policy & Procedures Manual, Section 21 address this item.

7 Incident/Accident Investigations (B1g) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:
 Yes, WUTC Pipeline Safety Section Policy & Procedures Manual, Section 20 address this item.

8 Does inspection plan address inspection priorities of each operator, and if necessary each unit, based on the following elements? (B2a-d, G1,2,4) 6 6
 Yes = 6 No = 0 Needs Improvement = 1-5

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|--|--------------------------------------|--------------------------|---|
| a. Length of time since last inspection | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| b. Operating history of operator/unit and/or location (includes leakage, incident and compliance activities) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| c. Type of activity being undertaken by operators (i.e. construction) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| d. Locations of operators inspection units being inspected - (HCA's, Geographic areas, Population Density, etc) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| e. Process to identify high-risk inspection units that includes all threats - (Excavation Damage, Corrosion, Natural Forces, Outside Forces, Material and Welds, Equipment, Operators and any Other Factors) | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |
| f. Are inspection units broken down appropriately? | Yes <input checked="" type="radio"/> | No <input type="radio"/> | Needs Improvement <input type="radio"/> |



Evaluator Notes:

Yes, WUTC Pipeline Safety Section Policy & Procedures Manual and data base program includes each of these items. Joe Subsits has developed a risk ranking method to include all of these items and the ranking is reviewed by each staff member. WUTC inspects all operators on the risk ranking model or within three years from the last inspection performed.

9 General Comments:

Info Only Info Only

Info Only = No Points

Evaluator Notes:

No areas of concern were noted in this section of the review.

Total points scored for this section: 15
Total possible points for this section: 15



PART C - Program Performance

Points(MAX) Score

- 1** Was ratio of Total Inspection person-days to total person days acceptable? (Director of State Programs may modify with just cause) Chapter 4.3 (A12) 5 5
 Yes = 5 No = 0
 A. Total Inspection Person Days (Attachment 2):
 695.77
 B. Total Inspection Person Days Charged to the Program (220 X Inspection Person Years) (Attachment 7):
 220 X 6.45 = 1419.83
 Ratio: A / B
 695.77 / 1419.83 = 0.49
 If Ratio >= 0.38 Then Points = 5, If Ratio < 0.38 Then Points = 0
 Points = 5

Evaluator Notes:
 A=695.77; B=(220 x 6.45=1419) Ratio is 0.49032. The ratio meets and exceeds the minimum requirement of 0.38. Therefore, a point score of 5 was awarded.

- 2** Has each inspector and program manager fulfilled the T Q Training Requirements? (See Guidelines for requirements) Chapter 4.4 (A8-A11, G19) 5 5
 Yes = 5 No = 0 Needs Improvement = 1-4
- a. Completion of Required OQ Training before conducting inspection as lead? Yes No Needs Improvement
 - b. Completion of Required DIMP*/IMP Training before conducting inspection as lead? *Effective Evaluation CY2013 Yes No Needs Improvement
 - c. Root Cause Training by at least one inspector/program manager Yes No Needs Improvement
 - d. Note any outside training completed Yes No Needs Improvement

Evaluator Notes:
 Yes, all individuals have met their training requirements. Stephanie Zuchlke was unable to attend the enforcement course in 2011 due to the course not being available. However, she completed the course on May 7, 2012. All lead inspectors have completed the required training prior to performing an IMP inspection. Joe Subsits, Albert Jones and Lex Vinsel have completed the root cause course.

- 3** Did state records and discussions with state pipeline safety program manager indicate adequate knowledge of PHMSA program and regulations? Chapter 4.1,8.1 (A5) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:
 Yes, David Lykken has over 12 years of experience in pipeline safety, understands the requirements in submitting a grant application and payment agreement documents. He serves on several safety and NAPSR committees.

- 4** Did state respond to Chairman's letter on previous evaluation within 60 days and correct or address any noted deficiencies? (If necessary) Chapter 8.1 (A6-7) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:
 Yes, WUTC responded to the August 8, 2011 letter from Zach Barrett on August 29, 2012. WUTC Chairman Goltz addressed all the areas of concerns found during the 2010 evaluation review. The respond letter was received within the 60 day time requirement.

- 5** Did State hold PHMSA TQ Seminar in Past 3 Years? Chapter 8.5 (A3) 2 2
 Yes = 2 No = 0

Evaluator Notes:
 Yes, the last seminar held was on June 17-18, 2009. The number of participants who attend was seventy-five represented a cross section of the operators in the State of Washington.



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| 6 | Did state inspect all types of operators and inspection units in accordance with time intervals established in written procedures? Chapter 5.1 (B3)
Yes = 5 No = 0 Needs Improvement = 1-4 | 5 | 5 |
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Evaluator Notes:

Yes, all operators are inspected in accordance with WUTC policy. They review the previous site visits and risking model in determining the time to perform their inspections. A standard inspection is the first type to be performed before other inspections are performed.

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| 7 | Did inspection form(s) cover all applicable code requirements addressed on Federal Inspection form(s)? Did State complete all applicable portions of inspection forms? Chapter 5.1 (B4-5)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, a review of WUTC's standard inspection form indicated the information matches the PHMSA federal forms. WUTC has added the commission's pipeline safety rules that are more stringent to the federal standard inspection form. In other areas of inspection performed by WUTC staff, they use the PHMSA Operator Qualification, Construction and other federal forms. A review of files indicates WUTC is completing all sections of the inspection form.

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| 8 | Did the state review operator procedures for determining if exposed cast iron pipe was examined for evidence of graphitization and if necessary remedial action was taken? (NTSB) Chapter 5.1 (B7)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

This item is listed in their standard inspection form. However, all cast iron pipelines have been removed in the State of Washington.

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| 9 | Did the state review operator procedures for surveillance of cast iron pipelines, including appropriate action resulting from tracking circumferential cracking failures, study of leakage history, or other unusual operating maintenance condition? (Note: See GPTC Appendix G-18 for guidance) (NTSB) Chapter 5.1 (B8)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

This item is listed in their standard inspection form. However, all cast iron pipelines have been removed in the State of Washington.

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| 10 | Did the state review operator emergency response procedures for leaks caused by excavation damage near buildings and determine whether the procedures adequately address the possibility of multiple leaks and underground migration of gas into nearby buildings Refer to 4/12/01 letter from PHMSA in response to NTSB recommendation P-00-20 and P-00-21? (NTSB) Chapter 5.1 (B9)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

Yes, WUTC requires that all operator report leakage in accordance with their state rule, WAC 480-93-186, Leak Evaluation.

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| 11 | Did the state review operator records of previous accidents and failures including reported third party damage and leak response to ensure appropriate operator response as required by 192.617? Chapter 5.1 (B10,E5)
Yes = 1 No = 0 | 1 | 1 |
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Evaluator Notes:

Yes, this item is listed in their standard inspection form. In 2013, new rules will affect how this information is collected and review. All operators will be required to file information on third party damage to WUTC.

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| 12 | Has the state reviewed Operator Annual reports, along with Incident/Accident reports, for accuracy and analyzed data for trends and operator issues? Data Initiative (G6-9,G16)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, this item is reviewed prior to and during their inspection audits. It is also being used in their risk model inspection

program. Initial filing of annual report by operators is currently being reviewed by staff member, Marina Woodard-Research Analysis, for trends and potential operator issues.

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| 13 | Did state input all applicable OQ, IMP inspection results into federal database in a timely manner? This includes replies to Operator notifications into IMDB database. Chapter 5.1 (G10-12)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

A review of Federal Database found all results are being entered and maintained by each staff members after completion of the inspection. This requirement is listed on their inspection report form.

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| 14 | Has state confirmed intrastate transmission operators have submitted information into NPMS database along with changes made after original submission? (G14)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes. Each year WUTC sends a letter to each transmission operator reminding them to submit or update information in the NPMS database website.

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| 15 | Is the state verifying operators are conducting drug and alcohol tests as required by regulations? This should include verifying positive tests are responded to in accordance with program. 49 CFR 199 (I1-3)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, the operators are required to report this item to WUTC in accordance with WAC rule 480-93-200. Additionally, WUTC staff members check this item during their inspection visits.

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| 16 | Is state verifying operators OQ programs are up to date? This should include verification of any plan updates and that persons performing covered tasks (including contractors) are properly qualified and requalified at intervals determined in the operators plan. 49 CFR 192 Part N (I4-7)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

This item is check during all inspections performed by WUTC on operators.

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| 17 | Is state verifying operator's gas transmission integrity management programs (IMP) are up to date? This should include a previous review of IMP plan, along with monitoring progress on operator tests and remedial actions. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart 0 (I8-12)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, this is review during their inspection visits.

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| 18 | Is state verifying operator's gas distribution integrity management Programs (DIMP)? This should include a review of DIMP plans, along with monitoring progress. In addition, the review should take in to account program review and updates of operators plan(s). 49 CFR 192 Subpart P
Info Only = No Points | Info Only | Info Only |
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Evaluator Notes:

Yes, in 2013 all Washington State operators' DIMP programs will be reviewed. WUTC is working with the Oregon and Idaho pipeline safety programs to coordinate this review on operators that provide service in their states. The information obtained from these operators will be provided to the Oregon and Idaho state program managers.

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| 19 | Is state verifying operators Public Awareness programs are up to date and being followed. State should also verify operators have evaluated Public Awareness programs for effectiveness as described in RP1162. 49 CFR 192.616 (I13-16)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

This was performed by WUTC staff members in 2011. The companies reviewed were: Williams, Conoco Phillips, CNG, Avista, City of Buckley, Northwestern Natural Gas, City of Ellensburg, PSE, City of Enumclaw and Chevron.

- 20 Does the state have a mechanism for communicating with stakeholders - other than state pipeline safety seminar? (This should include making enforcement cases available to public). (G20-21) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, WUTC has a web site available to the public and operators who want to subscribe to a service to receive information on their reports, documentation and other related data at no charge. The web site also has a map viewer program that allows the individual to view the location of pipelines in the State of Washington.

- 21 Did state execute appropriate follow-up actions to Safety Related Condition (SRC) Reports? Chapter 6.3 (B6) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

No safety related condition reports were filed in 2011.

- 22 Did the State ask Operators to identify any plastic pipe and components that has shown a record of defects/leaks and what those operators are doing to mitigate the safety concerns? (G13) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

WUTC rules require this information to be filed with their agency. Recent information provided by the operators indicated several failed joints are contributed to dirt in the fusion of the joint.

- 23 Did the state participate in/respond to surveys or information requests from NAPSRS or PHMSA? (H4) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, WUTC participated in all surveys and inquiries from PHMSA and NAPSRS surveys and questionnaires in 2011.

- 24 General Comments: Info Only Info Only
Info Only = No Points

Evaluator Notes:

No areas of concern in this section of the review.

Total points scored for this section: 43
Total possible points for this section: 43



PART D - Compliance Activities

Points(MAX) Score

- 1** Does the state have written procedures to identify steps to be taken from the discovery to resolution of a probable violation? Chapter 5.1 (B12-14, B16, B1h) 4 4
 Yes = 4 No = 0 Needs Improvement = 1-3
- a. Procedures to notify an operator (company officer) when a noncompliance is identified Yes No Needs Improvement
- b. Procedures to routinely review progress of compliance actions to prevent delays or breakdowns Yes No Needs Improvement

Evaluator Notes:

Yes, Sections 25 & 26 of WUTC Policy and Procedure Manual address this item.

- 2** Did the state follow compliance procedures (from discovery to resolution) and adequately document all probable violations, including what resolution or further course of action is needed to gain compliance? Chapter 5.1 (B11,B18,B19) 4 4
 Yes = 4 No = 0 Needs Improvement = 1-3
- a. Were compliance actions sent to company officer or manager/board member if municipal/government system? Yes No Needs Improvement

Evaluator Notes:

Yes. A review of 2011 inspection reports located in the conference room indicates all correspondence is being sent to the company officers or board members. WUTC maintains and annually updates a spreadsheet of company officers who receive the probable violations and inspection reports. The spreadsheet is updated each year. All WUTC engineers are responsible for reviewing and updating the list prior to perform an inspection visit.

- 3** Did the state issue compliance actions for all probable violations discovered? (B15) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. A review of WUTC files was performed. We pulled individual inspection reports performed in 2011 and checked each inspection form. Where a violation was cited, we reviewed the response letter from the operator and other information until the violation was closed. All reports indicate compliance action was taken in accordance with WUTC policies and procedures.

- 4** Did compliance actions give reasonable due process to all parties? Including "show cause" hearing if necessary. (B17, B20) 2 2
 Yes = 2 No = 0

Evaluator Notes:

Yes, WAC rule number 480-07 addresses this item. This item is mentioned in their Policy and Procedure and Enforcement Manuals.

- 5** Is the program manager familiar with state process for imposing civil penalties? Were civil penalties considered for repeat violations (with severity consideration) or violations resulting in incidents/accidents? (describe any actions taken) (B27) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

Yes. Action was taken on August 3, 2011 against Cascade Natural Gas Corporation in the amount of \$425,000 for failure to maintain its gas pipeline system in a safe condition. Docket number 110443.

- 6** Can the State demonstrate it is using their enforcement fining authority for pipeline safety violations? (new question) Info Only Info Only
 Info Only = No Points

Evaluator Notes:

Yes, a review of attachment 5 in the Progress Report indicated two non-compliance actions were taken with a civil penalty of \$625,000 being assessed.

- 7** General Comments: Info Only Info Only
 Info Only = No Points

Evaluator Notes:

No areas of concern were noted in this section of the review.

Total points scored for this section: 14
Total possible points for this section: 14



PART E - Incident Investigations

Points(MAX) Score

- 1** Does state have adequate mechanism to receive and respond to operator reports of incidents, including after-hours reports? And did state keep adequate records of Incident/Accident notifications received? Chapter 6 (A2,D1-3) 2 2
Yes = 2 No = 0 Needs Improvement = 1
- a. Acknowledgement of MOU between NTSB and PHMSA (Appendix D) Yes No Needs Improvement
- b. Acknowledgement of Federal/State Cooperation in case of incident/accident (Appendix E) Yes No Needs Improvement

Evaluator Notes:

Yes, this item is listed in WUTC Policy and Procedure Manual, Procedure 10. Information on the MOU is listed in Section 19.

- 2** If onsite investigation was not made, did state obtain sufficient information from the operator and/or by other means to determine the facts to support the decision to not go on-site? Chapter 6 (D4) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Reviewed the six incidents reported on Attachment 4. WUTC maintains a log book of all reportable incidents to their agency. If a reportable incident indicates an investigation needs to be performed, a docket and inspection identification number is assigned in their data base. No areas of concern.

- 3** Were all incidents investigated, thoroughly documented, and with conclusions and recommendations? (D5) 3 3
Yes = 3 No = 0 Needs Improvement = 1-2
- a. Observations and document review Yes No Needs Improvement
- b. Contributing Factors Yes No Needs Improvement
- c. Recommendations to prevent recurrences when appropriate Yes No Needs Improvement

Evaluator Notes:

Yes. A review of Puget Sound Energy incident that occurred on September 26, 2011 is an ongoing investigation at this time. A review of information available indicated a thorough documentation of notes, photos and interviews were being maintained by WUTC staff members. WUTC anticipates releasing a report of their findings and conclusions of facts in the third quarter of 2012. No areas of concern were found.

- 4** Did the state initiate compliance action for violations found during any incident/accident investigation? (D6) 1 1
Yes = 1 No = 0

Evaluator Notes:

Yes, WUTC Progress Report Attachment 5 show CNG and Avista Odessa were cited and a civil penalty assessed. The amounts were \$200,000 and \$425,000.

- 5** Did the state assist region office by taking appropriate follow-up actions related to the operator incident reports to ensure accuracy and final report has been received by PHMSA? (validate report data from operators concerning incidents/accidents and investigate discrepancies) Chapter 6 (D7) 1 1
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:

Yes, WUTC responds to PHMS Western Region office in a timely manner and provided all information on annual and final reports submitted by the operators under their jurisdiction.

- 6** Does state share lessons learned from incidents/accidents? (sharing information, such as: at NAPS Region meetings, state seminars, etc) (G15) 1 1
Yes = 1 No = 0

Evaluator Notes:

The WUTC provides information on incidents and accidents in their legislative fact sheet to the Senate and House members. This information is provided at regional meetings with the gas operators.

7 General Comments:
Info Only = No Points

Info OnlyInfo Only

Evaluator Notes:

No areas of concern were noted in this section of the review.

Total points scored for this section: 9
Total possible points for this section: 9



PART F - Damage Prevention

Points(MAX) Score

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|----------|---|---|---|
| 1 | Has the state reviewed directional drilling/boring procedures of each pipeline operator or its contractor to determine if they include actions to protect their facilities from the dangers posed by drilling and other trench less technologies? NTSB (E1)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, a review of WUTC Standard Inspection Report for Intrastate Gas Systems on page 17, section 299 includes this item. Additionally, this item is listed on the Transmission form for the Standard Inspection Report.

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| 2 | Did the state inspector check to assure the pipeline operator is following its written procedures pertaining to notification of excavation, marking, positive response and the availability and use of the one call system? (E2)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
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Evaluator Notes:

Yes, this item is listed on WUTC Standard Inspection Report for Intrastate Transmission Pipeline Form D, question 90. This item is also listed on the WUTC Standard Intrastate Gas Distribution System, question 101.

- | | | | |
|----------|---|---|---|
| 3 | Did the state encourage and promote practices for reducing damages to all underground facilities to its regulated companies? (i.e. such as promoting/adopting the CGA Best Practices encouraging adoption of the 9 Elements, etc.) (E3)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|---|---|---|

Evaluator Notes:

Yes, WUTC held six Underground Utility Damage Prevention Training Seminars in 2011. The number of participants was 373 individuals representing contractors and underground facility operators. The training seminars provided updates on Washington State's Damage Prevention law that becomes effective January, 2013, best practices in underground damage prevention, how to call for a locate request and reporting requirements on damages that occurred on underground facilities.

- | | | | |
|----------|--|---|---|
| 4 | Has the agency or another organization within the state collected data and evaluated trends on the number of pipeline damages per 1,000 locate requests? (This can include DIRT and other data shared and reviewed by the pipeline safety program) (E4,G5)
Yes = 2 No = 0 Needs Improvement = 1 | 2 | 2 |
|----------|--|---|---|

Evaluator Notes:

Yes. WUTC monitors and collects data on pipeline damages via the State Damage Prevention Statistics Mandatory Reporting form. This form is required to be completed and submitted to WUTC by pipeline operators. WUTC uses the data on damages to pipelines in their risk rating of inspection program. In January, 2013, the new damage prevention law will require all underground operators and excavators to report all damages via the Virtual Dirt Program to WUTC.

- | | | | |
|----------|--|-----------|-----------|
| 5 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

No areas of concern were noted in this section of the review.

Total points scored for this section: 8
Total possible points for this section: 8



PART G - Field Inspections

Points(MAX) Score

1 Operator, Inspector, Location, Date and PHMSA Representative Info Only Info Only
 Info Only = No Points

Name of Operator Inspected:
 Cascade Natural Gas
 Name of State Inspector(s) Observed:
 David Cullom, Pipeline Safety Engineer
 Location of Inspection:
 Aberdeen, WA
 Date of Inspection:
 June 20-21, 2012
 Name of PHMSA Representative:
 Glynn Blanton

Evaluator Notes:
 This was the field portion of the inspection since the office record review was conducted on June 18-19, 2012. The following Cascade Natural Gas representatives were present during a review of cathodic protection, regulator overpressure testing, pipeline marker signage and operator qualification: Clint Mathews, Manager; Morgan Gray, Corrosion Control Technician; Vicki Ganow, Pipeline Safety Specialist; Patti Chartrey, Pipeline Safety Specialist.

2 Was the operator or operator's representative notified and/or given the opportunity to be present during inspection? (F2) 1 1
 Yes = 1 No = 0

Evaluator Notes:
 Yes, Cascade Natural Gas officials were notified on February 2, 2012 about the standard inspection visit scheduled on June 18-21, 2012 in the Aberdeen District area.

3 Did the inspector use an appropriate inspection form/checklist and was the form/checklist used as a guide for the inspection? (New regulations shall be incorporated) (F3) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:
 Yes, David Cullom used WUTC Form C, "Intrastate Gas Distribution - Records & Field Inspection" to perform the field portion of the review. He used the form as a guide and checked each item listed as satisfactory or unsatisfactory when completed by the operator's representatives.

4 Did the inspector thoroughly document results of the inspection? (F4) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:
 Excellent documentation on results of the inspection was demonstrated by David Cullom. He mentioned items of concern and potential violations to the operator during the inspection and reviewed each item at the end of the day.

5 Did the inspector check to see if the operator had necessary equipment during inspection to conduct tasks viewed? (Maps,pyrometer,soap spray,CGI,etc.) (F5) 1 1
 Yes = 1 No = 0

Evaluator Notes:
 Yes, prior to testing regulator station relief devices and cathodic protection rectifier and pipe-to-soil readings all testing equipment was reviewed by David with the operator representative. He asked questions pertaining to the calibration of the equipment and qualification of the individuals performing the task.

6 Did the inspector adequately review the following during the field portion of the state evaluation? (check all that apply on list) (F7) 2 2
 Yes = 2 No = 0 Needs Improvement = 1

- a. Procedures
- b. Records
- c. Field Activities



d. Other (please comment)

Evaluator Notes:

Yes, David reviewed the operator's O&M procedures; WUTC rules require the operator's manual be available at the work site at all times. David checked records and field activities to insure the work performed was followed in accordance with the operator's written procedures. David was observed verifying written documents pertaining to cathodic protection and regulator relief qualifications to the individuals performing the tasks.

7 Did the inspector have adequate knowledge of the pipeline safety program and regulations? (Evaluator will document reasons if unacceptable) (F8)

2

2

Yes = 2 No = 0 Needs Improvement = 1

Evaluator Notes:

A good working knowledge of the pipeline safety regulations and WUTC rules was demonstrated by David. He was helpful in explaining to the operator representative the requirements of cathodic protection, regulator station maintenance and operator qualifications.

8 Did the inspector conduct an exit interview? (If inspection is not totally complete the interview should be based on areas covered during time of field evaluation) (F9)

1

1

Yes = 1 No = 0

Evaluator Notes:

Yes, an exit interview was conducted with Cascade Natural Gas representatives on the last day of the field portion of the inspection. David provided a detailed description of all items observed and reviewed in the area of cathodic protection, regulator overpressure protection and pipeline casings. Several items of concern and potential violation were discussed. During the testing of Shelton Springs Road at Kitsap Peninsula Line, Shelton, WA regular station the over pressure protection relied failed to function. The regulator station located at Brook Drive, Montesano, WA had section s of dis-bonded coating and external corrosion present. The Camp Creek Road W of Brook Drive, Montesano, WA station had dis-bonded coating, the operating run side had corrosion on the outlet valve housing and chart box was bolted to the manifold.

9 During the exit interview, did the inspector identify probable violations found during the inspections? (if applicable) (F10)

1

1

Yes = 1 No = 0

Evaluator Notes:

Yes, several items of concern and potential violation were discussed. David described the area of concern be citing the WUTC rule or pipeline safety regulation. He explained the requirements of the rules and regulations and what the operator needed to do to correct the violation or area of concern.

10 General Comments: What did the inspector observe in the field? (Narrative description of field observations and how inspector performed) Best Practices to Share with Other States - (Field - could be from operator visited or state inspector practices) Other.

Info Only = No Points

- a. Abandonment
- b. Abnormal Operations
- c. Break-Out Tanks
- d. Compressor or Pump Stations
- e. Change in Class Location
- f. Casings
- g. Cathodic Protection
- h. Cast-iron Replacement
- i. Damage Prevention
- j. Deactivation
- k. Emergency Procedures
- l. Inspection of Right-of-Way
- m. Line Markers
- n. Liaison with Public Officials
- o. Leak Surveys
- p. MOP



- q. MAOP
- r. Moving Pipe
- s. New Construction
- t. Navigable Waterway Crossings
- u. Odorization
- v. Overpressure Safety Devices
- w. Plastic Pipe Installation
- x. Public Education
- y. Purging
- z. Prevention of Accidental Ignition
- A. Repairs
- B. Signs
- C. Tapping
- D. Valve Maintenance
- E. Vault Maintenance
- F. Welding
- G. OQ - Operator Qualification
- H. Compliance Follow-up
- I. Atmospheric Corrosion
- J. Other

Evaluator Notes:

During the field inspection other items that were observed include pipeline signage was verified, valve vault located in Aberdeen was checked, shorted casings at several highway crossings was performed and Cascade Natural Gas Company right-of-way to Williams Pipe Line Company take stations were reviewed.

Total points scored for this section: 12
 Total possible points for this section: 12



PART H - Interstate Agent State (If Applicable)

Points(MAX) Score

-
- | | | | |
|----------|---|---|---|
| 1 | Did the state use the current federal inspection form(s)? (C1)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Yes, they are using the Federal Inspection form on all inspections performed on interstate operators. A review of files for the operators listed below found the information on the forms was complete. Files reviewed: Kelso Beaver Pipeline Company, Gas Transmission Northwest Corporation, Puget Sound Energy, Williams Gas Pipeline and Northwest Pipeline Corporation.

- | | | | |
|----------|--|---|---|
| 2 | Are results documented demonstrating inspection units were reviewed in accordance with "PHMSA directed inspection plan"? (C2)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

A review of the interstate operator inspection files and the interstate agreement with the Western Region Director Chris Hoidal, dated April 26, 2011 found WUTC complied with the agreement. No issues were found.

- | | | | |
|----------|---|---|---|
| 3 | Did the state submit documentation of the inspections within 60 days as stated in its latest Interstate Agent Agreement form? (C3)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Yes, a review of the files found the inspection reports were filed with PHMSA Western Region within 30 days of the date of the inspection.

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|----------|--|---|---|
| 4 | Were probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (C4)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

Yes, three operators were cited with a total of four violations. The name of the operators cited: Kelso Beaver Pipeline Company, Gas Transmission Northwest Corporation and Puget Sound Energy.

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|----------|--|---|---|
| 5 | Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (C5)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|--|---|---|

Evaluator Notes:

Yes, a review of file folders and information from PHMSA Western Region office indicate this was performed.

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|----------|---|---|---|
| 6 | Did the state give written notice to PHMSA within 60 days of all probable violations found? (C6)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
|----------|---|---|---|

Evaluator Notes:

Yes, a review of file folders and inspection reports found all probable violations were submitted to PHMSA Western Region within the 60 day time schedule.

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|----------|--|---|---|
| 7 | Did the state initially submit documentation to support compliance action by PHMSA on probable violations? (C7)
Yes = 1 No = 0 Needs Improvement = .5 | 1 | 1 |
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Evaluator Notes:

Yes, WUTC has provided supportive compliance information when requested by PHMA Western Region office.

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|----------|--|-----------|-----------|
| 8 | General Comments:
Info Only = No Points | Info Only | Info Only |
|----------|--|-----------|-----------|

Evaluator Notes:

No areas of concern were found in this section of the review.



Total points scored for this section: 7
Total possible points for this section: 7



PART I - 60106 Agreement State (If Applicable)

Points(MAX) Score

1 Did the state use the current federal inspection form(s)? (B21) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
WUTC does not have a 60106 agreement with PHMSA.

2 Are results documented demonstrating inspection units were reviewed in accordance with state inspection plan? (B22) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
WUTC does not have a 60106 agreement with PHMSA.

3 Were any probable violations identified by state referred to PHMSA for compliance? (NOTE: PHMSA representative has discretion to delete question or adjust points, as appropriate, based on number of probable violations; any change requires written explanation.) (B23) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
WUTC does not have a 60106 agreement with PHMSA.

4 Did the state immediately report to PHMSA conditions which may pose an imminent safety hazard to the public or to the environment? (B24) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
WUTC does not have a 60106 agreement with PHMSA.

5 Did the state give written notice to PHMSA within 60 days of all probable violations found? (B25) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
WUTC does not have a 60106 agreement with PHMSA.

6 Did the state initially submit adequate documentation to support compliance action by PHMSA on probable violations? (B26) 1 NA
Yes = 1 No = 0 Needs Improvement = .5

Evaluator Notes:
WUTC does not have a 60106 agreement with PHMSA.

7 General Comments: Info Only Info Only
Info Only = No Points

Evaluator Notes:
WUTC does not have a 60106 agreement with PHMSA.

Total points scored for this section: 0
Total possible points for this section: 0

