October 21, 2016

OVERNIGHT EXPRESS MAIL

Mr. David W. Danner
Chairman
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive, SW
Olympia, WA 98502

Dear Chairman Danner:

Sections 60105(e) and 60106(d) of the Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 (Act) provide for the monitoring of State pipeline safety programs by the Pipeline and Hazardous Materials Safety Administration (PHMSA). This annual monitoring is to ensure compliance with the Act's requirements for State pipeline safety programs and provides information for determining the State’s total point award for the PHMSA pipeline safety grant for next year.

During the weeks of May 16-20, September 12-16 and September 26-30, 2016, representatives of PHMSA's Office of State Programs evaluated the CY 2015 Pipeline Safety Program activities conducted by the Washington Utilities and Transportation Commission (WUTC). The evaluation encompassed the validation of annual Progress Report documents submitted to PHMSA, review of the pipeline program procedures and records, and the observation of on-site inspections conducted by your staff of two pipeline operators. Thank you and your staff for the courtesies extended to PHMSA State Programs’ evaluators Mr. Michael Thompson and Mr. David Appelbaum.

PHMSA appreciates the contributions to pipeline safety by your staff’s participation on various committees to improve pipeline safety, including Mr. Joe Subsits who serves on the NAPSR - Improving Leak Detection System Design Redundancy and Accuracy Committee and the NAPSR – Compendium Committee, along with Mr. Alan Rathbun, who serves on the NAPSR Security Integrity Foundation Advisory Group Board of Directors and the NARUC Staff Subcommittee on Pipeline Safety. These efforts are extremely important in accomplishing our mutual goal of pipeline safety. Thank you for supporting participation in these task groups.

We appreciate your strong support of pipeline safety by continuing your efforts to maintain an appropriate level of qualified staff. This is a critical component to your continued success in
having an effective pipeline safety program. PHMSA is committed to supporting your efforts for increasing and maintaining pipeline safety staff as the pipeline infrastructure continues to increase in Washington.

Based on the evaluation and the validation of Progress Report information, it appears the pipeline safety program is generally complying with PHMSA’s requirements. PHMSA allocates pipeline safety grant funding to individual State programs based upon the scoring of the annual Progress Reports submitted to PHMSA and the annual Program Evaluation conducted each year. If an item has not been corrected from the previous evaluation, it will result in a loss of grant funding. As a result of this evaluation, I would like to bring the following items to your attention:

1. The Annual Progress Report review has a possible score of 50 points. The WUTC’s resulting score for the CY 2015 Gas Progress Report was 50 points and the Hazardous Liquids Progress Report was 50 points.

2. During the review of inspection procedures, it was noted that the CGA Best Practices referenced in the WUTC Damage Prevention procedures needs to be updated to the most recent practices available.

3. As part of initial inspections for new operators, the WUTC conducts what they term a “Technical Assistance” visit to provide information and guidance. PHMSA recommends that the WUTC develop procedures for conducting, reporting and recording these types of activities as On-Site Operator Training to include in the programs annual progress reports.

4. As required, the WUTC sets inspection intervals for all types of inspections conducted by staff in its operations/procedures manual. The interval for Standard Inspections is set at three years with all other types of inspections set at five years. During the review of last year’s inspections, it was noted that several of the Standard inspections were completed very close to the three-year interval. PHMSA recommends that the WUTC review the time intervals for all types of inspections to insure they are appropriate.

5. Over the years, the WUTC has been active in compliance actions with operators and has used their authority to enforce with civil penalties. PHMSA recommends WUTC procedures be revised to include a list of factors to be considered for when civil penalties should be levied.

6. The WUTC is encouraged to review the performance metrics in the State of Washington portion of PHMSA’s PRIMIS website. These metrics can be helpful to envision trends in pipeline safety in your State. PHMSA is, in fact, now requiring State programs to review these metrics and develop strategies to improve if the metrics are trending in a direction that compromises pipeline safety. During this evaluation, Mr. Thompson reviewed the performance metrics with Mr. Rathbun and he has committed to review them on a regular basis.
It was noted during this discussion that Washington’s Damages per 1000 Locate Tickets have increased from 2014 to 2015 nearing a level close to 2013. The recent levels of approximately five Damages per 1000 Locate Requests are still below 2010 thru 2012. Mr. Rathbun expressed that the WUTC is tracking this metric closely and feels they will start to decrease over the next couple years.

Inspection Days per 1000 Miles of Pipeline have increased over the past three years from 11 to almost 15 per 1000 Miles of Gas Pipeline. The days for Hazardous Liquids Pipelines has decreased slightly from 2013 but is higher than 2010 through 2012.

Inspection Days per Master Meter /Liquefied Petroleum Gas Operator have increased significantly over 2014, however they are still below the levels in 2012 and 2013.

Pipeline inspector qualification metrics have improved in the core classes, additional training and with inspectors over five years.

Leaks Repaired per 1000 Miles continue to increase over the past three years with almost 100 per 1000 miles, while Hazardous Leaks Repaired remain about the same for the past five years. Outstanding Leaks have decreased significantly from 2014 to 2015, but are still higher than any year from 2010 to 2013.

A response is not required to this letter; however, if you would like to respond please address your response to me at the following address: 3700 S. MacArthur Blvd, Suite B, Oklahoma City, OK 73179-7612. Thank you for your contributions and continuing support of the pipeline safety program.

Sincerely,

Zach Barrett
Director for State Programs
Office of Pipeline Safety

cc: Alan Rathbun, Program Manager, WUTC
    Chris Hoidal, Director, Western Region, PHMSA, PHP-500
    Michael Thompson, State Programs Evaluator, PHMSA, PHP-50