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January 22, 2015

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State of Washington
UTC
Pipeline Safety Program

Mr. David Lykken
Pipeline Safety Director
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P. O. Box 47250
Olympia, Washington 98504-7250

Re: NW Natural Amended Response to Inspection of the Columbia Gorge (#5818)

Dear Mr. Lykken:

The Washington Utilities and Transportation Commission (WUTC) Staff conducted a pipeline safety inspection of NW Natural's Columbia Gorge service area on August 26-29, 2014. A summary of the inspection findings were sent to NW Natural in a letter from the WUTC dated October 3, 2014. This is an amended response, following NW Natural's original submittal, dated October 17, with sections 2 and 3 modified to reflect actions agreed to between WUTC and NW Natural.

Probable Violation:

1. WAC: 480-93-188 Gas leak surveys

Each gas pipeline company must maintain, test for accuracy, calibrate and operate gas detection instruments in accordance with the manufacturer's recommendations. If there are no written manufacturer's recommendations or schedules, then the gas pipeline company must test such instruments for accuracy at least monthly, but not to exceed forty-five days between testing, and at least twelve times per year. The gas pipeline company must recalibrate or remove from service any such instrument that does not meet applicable tolerances. Records of accuracy checks, calibration and other maintenance performed must be maintained for five years.

Finding(s):

NWN has not produced a calibration report for the leak detection unit #402356 used for leak surveys on 5/14/12, 5/16/12, and 5/18/12. NWN has not produced a calibration report for the leak detection unit #402357 used for leak surveys on 6/13/12.

NW Natural Response:

NW Natural acknowledges that monthly calibration reports for the instruments listed were not provided, however, we have been assured by the manufacturer that the instruments would not have operated if they were not in calibration.

In the spring of 2012, NWN implemented a change in some of our leak detecting equipment, purchasing Bascom-Turner "Rovers" and "Explorers," which are calibrated every 30 days (or sooner) on docking stations in our service centers. Both NWN employees and vendor employees are utilizing these new units. During start up, there were some technical issues that caused the serial numbers and related calibration data of some units not to upload properly to NWN's system. It appears likely the records for these two "Rover" units were affected.

NWN believes the intent of WAC 480-93-188 is to ensure that equipment is in calibration whenever it is utilized. NWN is confident that the units were calibrated prior to usage. The manufacturer has configured the units such that they will not function for field duty 30 days past their last calibration date without being successfully calibrated. We have attached a letter from Bascom-Turner explaining this feature.

NWN is working to constantly enhance our leakage program. The addition of the Bascom-Turner devices that will not function out of calibration, plus the additional reporting features their system provides, are strong examples of this. In addition, over the past 2+ years since the new devices went into service, NWN has implemented process improvements to ensure that errors, such as happened when the serial numbers in question were not properly uploaded, are quickly identified and corrected.

2. WAC: 480-93-180 Plans and procedures

Each gas pipeline company must have and follow a gas pipeline plan and procedure manual (manual) for operation, maintenance, inspection, and emergency response activities that is specific to the gas pipeline company's system. The manual must include plans and procedures for meeting all applicable requirements of 49 CFR § 191, 192 and chapter 480-93 WAC, and any plans or procedures used by a gas pipeline company's associated contractors.

Finding(s):

NWN's definition of a business district is less stringent than what code requires. NWN's definition conflicts with the definition adopted in code by not considering buildings to be part of a business district until they are groups of buildings over 1000 continuous feet in one direction and that the gas main and/or services must be under continuous pavement from the gas facility to the building wall.

WAC 480-93-005 (3) Definitions:

"Business district" means an area where the public regularly congregates or where the majority of the buildings on either side of the street are regularly utilized, for financial, commercial, industrial, religious, educational, health, or recreational purpose.

NWN Standard Practice Washington Rev 3-25-13 reads:

"Business district - An area containing gas mains or services (facilities) measuring at least 1000 continuous feet in length in at least one direction, where the public regularly congregates or where the majority of the buildings on either side of the street are regularly used for financial, commercial, industrial, religious, educational, health, or recreational purposes; and Where the gas mains and/or services are predominantly located under continuous pavement extending from the centerline of the gas facility to the building wall; or Any other area that, in NW Natural's judgment should be so designated."

NW Natural Response:

NW Natural respectfully disagrees that its definition of "business district" is less stringent than what is required by WAC 480-93-005. It is NW Natural's contention that the current definition under WAC is so broad and ambiguous that it is unlikely to be able to be implemented in a repeatable manner consistent with good business practices. The definition contains at least three phrases that are open to interpretation – "regularly congregates," "majority of the buildings," and "regularly utilized," as well as terms that have commonly understood meanings, but could be difficult to determine without firsthand knowledge – "financial, commercial, industrial, religious, educational, health, or recreational." For these reasons, NW Natural felt it necessary to have a more precise definition of "business district," one that combines the requirement of WAC with specific metrics that are not open to individual interpretation.

The company's current definition, which has been in effect for several years, recognizes those areas defined by WAC that contain gas mains or services measuring at least 1000 continuous feet in length in at least one direction, and are predominantly located under continuous

pavement. Locations meeting these stringent criteria are able to be identified using GIS data which is regularly updated and based on constantly evolving technology, leading to better, more reliable results. NW Natural believes utilization of business processes that are well-defined and scientifically repeatable are superior to those of operators that only rely on field personnel to consistently identify sites using ambiguous terms such as "regularly" or "majority."

It is understandable that when only reviewing data from the Columbia Gorge, staff of the WUTC could be concerned that NW Natural is not appropriately attentive to business districts. As noted, there are no areas meeting NW Natural's current definition of business district in this service area. This is simply a reflection of the rural nature of the Columbia Gorge. In NW Natural's neighboring service area, Clark County, there are numerous identified business districts. The leak survey reports for those districts were last shared with the WUTC during the September 2012 inspection, and demonstrate the company's diligence in meeting the annual leak survey requirement of such districts. Current reports for the Clark County Business Districts are available upon request.

While the likely intent of the WAC definition of "business district" was to add clarity where federal code was silent, the ambiguity that was built in could leave a range of interpretations that would include every location where two buildings face each other, to no locations other than highly populated areas like downtown Portland. In order to avoid such extremes and inconsistencies within the NW Natural system, a more precise definition was created that the company believes is consistent with the safety goals and intent of creating business districts.

After discussions between representatives of NW Natural and WUTC, NW Natural has agreed to add areas of White Salmon and Bingen to the current list of business districts, utilizing the clause of the company's current definition, "Any other area that, in NW Natural's judgment should be so designated."

3. WAC: 480-93-188 Gas leak surveys

Each gas pipeline company must conduct gas leak surveys according to the following minimum frequencies:

(a) Business districts – at least once annually, but not to exceed fifteen months between surveys. All mains in the right of way adjoining a business district must be included in the survey;

Finding(s):

There are no business districts identified in Washington for the Columbia Gorge inspection unit. No areas have been leak surveyed since 2011. January 2011 is as far back as the report indicates.

The operator's definition of a business district is less stringent than what the code requires. White Salmon, Bingen, North Bonneville (Evergreen Drive), and areas of Carson likely meet the definition of a business district as defined in WAC 480-93-005(3).

NW Natural Response:

NW Natural respectfully disagrees that its definition is less stringent than what is required by WAC 480-93, and therefore is not in violation of this section due to the fact there are no business districts in the Columbia Gorge service area. Please refer to previous response.

After discussions between representatives of NW Natural and WUTC, NW Natural has agreed to add areas of White Salmon and Bingen to the current list of business districts, utilizing the clause of the company's current definition, "Any other area that, in NW Natural's judgment should be so designated." In the future, these areas will be leak surveyed in compliance with the requirements of business districts.

4. WAC: 480-93-188 Gas leak surveys

Each gas pipeline company must conduct gas leak surveys according to the following minimum frequencies:

(b) High occupancy structures or areas – at least once annually, but not to exceed fifteen months between surveys:

WAC 480-93-005 (3) Definitions:

"High occupancy structure or area" means a building or an outside area (such as a playground, recreation area, outdoor theater, or other places of public assembly) that is occupied by twenty or more persons on at least five days a week for ten weeks in any twelve-month period. (The days and weeks need not be consecutive.)

Finding(s):

Missing High Occupancy Structure – Bonneville Hot Springs Resort & Spa

Address: 1252 E. Cascade Dr., North Bonneville, WA 98639 – It was not

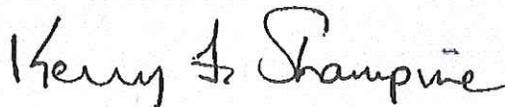
on the list that was provided during the inspection. There were only seven buildings identified for the entire unit. This building has been open to the public and in business for some time and there is not record of it being part of the NWN's special building survey.

NW Natural Response:

NW Natural agrees that Bonneville Hot Springs Resort & Spa should be listed as a High Occupancy Structure and has been added to the compliance database as such. Our current process for identifying High Occupancy Structures is scheduled for review and it is expected that enhancement will be agreed upon by internal stakeholders within the next 6 months.

This report summarizes NW Natural's activities in response to the pipeline safety inspection for the Columbia Gorge service area. If you would like to discuss this response in greater detail, please contact us at your convenience.

Sincerely,

A handwritten signature in black ink that reads "Kerry F. Shampine". The signature is written in a cursive style with a large initial "K".

Kerry F. Shampine, P.E.
Manager, Code Compliance

dpd867



**Bascom-Turner
Instruments**

Leading the Way in Safety

September 5, 2012

William Rehse
Training Supervisor
NW Natural Gas
7100 SW McEwan Road
Lake Oswego, OR 97035

Dear Bill,

We do not consider the dock maintenance free because technically, you perform maintenance when you change cylinders.

However, the NDS-301 Docking Station does not have a set maintenance schedule and does not require calibration.

Insofar as your Gas Rover and Gas Explorer detectors are concerned, both units are designed to automatically default into calibration mode on the day after the calibration due date has expired.

In other words, if your units are scheduled to be calibrated every thirty days, on the thirty first day or whenever the unit is turned on after thirty days, the unit will not function for field duty until it has passed calibration.

Please include this addendum to the operating manual as a feature of the program requested by NW Natural.

Please call me if I can be of further assistance.

Sincerely,

George S Champey
National Sales Manager
Bascom-Turner Instruments

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