



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

April 24, 2015

Steve Warsinske  
Vice President and Controller  
SEMCO ENERGY Gas Company  
1411 Third Street, Suite A  
Port Huron, MI 48060

Dear Mr. Warsinske:

**RE: 2014 Hazardous Liquid Technical Assistance Inspection – AltaGas Facilities (US) Inc. (Insp. No. 5820)**

Thank you for your letter dated February 6, 2015, addressing the findings of our inspection conducted at the AltaGas Storage Facilities from December 1- 4, 2014.

Staff conducted a preliminary review of AltaGas's responses and, in general, find your proposals will bring AltaGas into compliance. A full review will be conducted during the standard inspection currently scheduled for the week of September 21, 2015. However, there are two areas which need your attention prior to our visit in September:

1. In response to Finding 3, Anvil Engineering prepared a document titled, Petrogas Pipeline Maximum Operating Pressure (MOP) Report (Revision C dated January 29, 2015). On Page 3 of 3, Section 3.5 Stress Level, it states the following: "A pipeline is considered to be a low stress pipeline if the stress level at MOP is below 20% of the minimum yield strength, *or in this case 7,000 psi (emphasis added)*." This not quite correct. The actual definition is given in Part 195.2 as follows:

*Low stress pipeline means a hazardous liquid pipeline that is operated in its entirety at a stress level of 20% or less of the specified minimum yield strength of the line pipe.*

To calculate the stress level of the line pipe, the design formula for internal hoop stress is used as given in Part 195.106. This calculation will give the maximum internal pressure for a given pipe diameter, wall thickness and material grade and is referred to as 100% SMYS (specified minimum yield strength). Anvil Engineering calculated this value for each pipeline at AltaGas. For the 6-inch lines it was 2130 psi and for the 12-inch line it

Respect. Professionalism. Integrity. Accountability.

was 1482 psi . The stress level is then calculated by taking the operating pressure and dividing it by 100% SMYS internal pressure as follows:

6-inch lines: MOP is 250 psi (based on pressure relief settings)  
So,  $250/2130 = 11.74\%$  of SMYS, which is a low stress pipeline.

12-inch line: MOP is 250 psi (based on pressure relief settings)  
So,  $250/1482 = 16.87\%$  of SMYS, , which is a low stress pipeline.

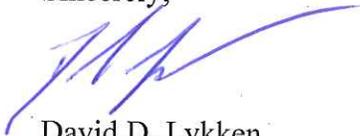
Please revise your document to reflect this type of analysis.

2. Finding 3 also noted that the hydrotests for the 6-inch and 12-inch pipelines were not available during the technical assistance visit and that AltaGas would have to re-test the lines, per Part 195 Subpart E-Pressure Testing and WAC 480-75-420, if the records could not be located. AltaGas did not address this part of the finding in the response. We will review these documents during the 2015 inspection.

Staff would like to thank AltaGas's personnel for their cooperation and assistance during this inspection. This inspection will be closed as of April 24, 2015.

If you have any questions or if we may be of any assistance, please contact Dennis Ritter at (360) 664-1159.

Sincerely,



David D. Lykken  
Pipeline Safety Director

cc: David Zoobkoff, Divisional Vice President Operations-Gas, AltaGas Ltd.  
David Harris, Chief Operating Officer, AltaGas, Ltd