



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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CERTIFIED MAIL

May 29, 2015

Grant M. Yoshihara
Vice President of Utility Operations
NW Natural
220 NW Second Avenue
Portland, OR 97209

Dear Mr. Yoshihara:

RE: 2015 Natural Gas Standard Inspection - NW Natural, Clark County - (Insp. No. 6182)

Staff from the Washington Utilities and Transportation Commission (staff) conducted a standard inspection from March 30, 2015 to April 10, 2015, of NW Natural's Clark County Unit. The inspection included a records review and inspection of select pipeline facilities.

Our inspection indicates two probable violations as noted in the enclosed report. We also noted three 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 June 30, 2015. 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 81.88.040, or;

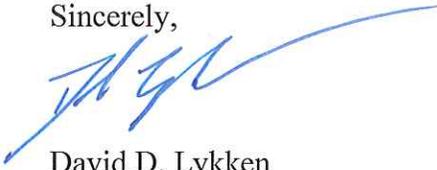
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- Institute a complaint, seeking monetary penalties, changes in the company's practices, or other relief authorized by law, and justified by the circumstances, or;
- Consider the matter resolved without further commission action.

We have not yet decided whether to pursue a complaint or penalty in this matter. Should an administrative law judge decide to pursue a complaint or penalty, your company will have an opportunity to present its position directly to the commissioners.

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,



David D. Lykken
Pipeline Safety Director

Enclosure

cc: Joe S. Karney, Manager, Code Compliance, NW Natural

UTILITIES AND TRANSPORTATION COMMISSION
2015 Natural Gas Pipeline Safety Standard Inspection
NW Natural-Clark County

The following probable violations and areas of concern of Title 49 CFR Part 192 and WAC 480-93 were noted as a result of the 2015 inspection of the NW Natural's (NWN) Clark County Unit. The inspection included a random selection of records, operation and maintenance (O&M), emergency response, inventory, and field inspection of the pipeline facilities.

PROBABLE VIOLATIONS

1. **49 CFR §192.161 Supports and Anchors.**

- (c) Each support or anchor on an exposed pipeline must be made of durable, noncombustible material and must be designed and installed as follows:*
- (1) Free expansion and contraction of the pipeline between supports or anchors may not be restricted.*
 - (2) Provision must be made for the service conditions involved.*
 - (3) Movement of the pipeline may not cause disengagement of the support equipment.*

Finding(s):

During the field verification portion of the inspection, random annual pipe-to-soil (P/S) reads were taken at NWN test sites. One of those sites in Washougal, WA is the Jemtegaard Middle School meter set. During this read, it was also noted the Jemtegaard Middle School meter set was supported with wood 2x6 material. This material is combustible. This is a NOPV as combustible materials are prohibited. As finding this situation was a coincidence, it does bring up the question, Are there any other meter's which are supported by combustible materials and, if so, NWN will need to find them and ensure they are remediated.

2. **WAC 480-93-110 Corrosion Control.**

- (2) Each gas pipeline company must complete remedial action within ninety days to correct any cathodic protection deficiencies known and indicated by any test, survey, or inspection. An additional thirty days may be allowed for remedial action if due to circumstances beyond the gas pipeline company's control the company cannot complete remedial action within ninety days. Each gas pipeline company must be able to provide documentation to the commission indicating that remedial action was started in a timely manner and that all efforts were made to complete remedial action within ninety days. (Examples of circumstances allowing each gas pipeline company to exceed the ninety-day time frame include right-of-way permitting issues, availability of repair materials, or unusually long investigation or repair requirements).*

Finding(s):

A records review of NWN's "Completed Pipe Inspection Report" (exposed pipe condition report) from 11/30/12 had a CP read of -0.56 VDC which is below NWN's

protective criteria established at -0.85 VDC. NWN could not document remedial action was taken within 90 days as required by code.

AREAS OF CONCERN (AOC) OR FIELD OBSERVATIONS

1. **WAC 480-93-124 Pipeline Markers.**

(5) *Each gas pipeline company must replace markers that are reported damaged or missing within forty-five days.*

Finding(s):

NWN has recently updated their process to collect actual data when replacing missing/damaged markers. In NWN's old system, crews replaced markers as they found them without paperwork. The new system requires they populate a form to capture the data.

As NWN has already found and remediated this issue, this finding is an AOC. It will be revisited during the next standard inspection to ensure compliance.

2. **WAC 480-93-110 Corrosion Control.**

(8) *On all cathodically protected pipelines, the gas pipeline company must take a cathodic protection test reading each time an employee or representative of the gas pipeline company exposes the facility and the protective coating is removed.*

Finding(s):

A review of NWN's Completed Pipe Inspection Reports (exposed pipe condition reports) from 2012 to early 2015 showed many instances where steel pipeline was unearthed and a cathodic protection (CP) reading was left blank. There is no documentation as to whether a CP reading was taken or not. NWN's procedures allow for not taking a read if the coating is not removed, however in these instances, it could not be substantiated with the information in the record. NWN believes these instances are times when coating was not removed as leaving this blank on the form was the typical practice by field personnel. However, there are occasions in the same time period where forms did state, "coating not removed." NWN's SPW 459, Inspection of Exposed Pipe, Section 3.4, Records, does not give clear direction on whether the field technician is to document when the coating is not removed. The technician is to document all "required" inspections and tests.

In early 2014, NWN began an internal process to change this practice. This resulted in a change to the form to require this field be filled in - either the coating was removed and a CP read taken or it was not. The form cannot be completed until it's entered.

As NWN has already found and remediated this issue, this finding is an AOC. It will be revisited during the next standard inspection to ensure compliance.

3. **49 CFR §192.481 Atmospheric Corrosion Control: Monitoring.**

- (b) *During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.*
- (c) *If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by §192.479.*

Finding(s):

During the field verification portion of the inspection, a 4-inch steel main was inspected hanging on a bridge (1-002-026-B-01-B-A) located in the Felida area of Vancouver over Salmon Creek. Corrosion was observed under a plastic collar used to protect pipe from the hanger (most southern hanger). Scaling and pits were visible. Also, it was noted that there was no tape or “powercrete” on north end at soil-to-air interface. This line was installed in 1988. NWN states these conditions were already found by NWN in previous inspections resulting in a project scheduled for this summer (2015) to replace all hangers and repair and recoat as necessary.

As NWN has already found this issue and is remediating this summer (2015), this finding is an AOC. It will be revisited during the next standard inspection to ensure compliance.