



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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**CERTIFIED MAIL**

June 8, 2015

Bruce Reed  
VP of Operations  
Tidewater Terminal Company  
6305 NW Old Lower River Rd  
Vancouver, WA 98660

Dear Mr. Reed:

**RE: 2015 Hazardous Liquid Standard Inspection – Tidewater Terminal Company – (Insp. No. 6188)**

Staff from the Washington Utilities and Transportation Commission (staff) conducted a Standard inspection from May 4 - 6, 2015, of Tidewater Terminal Company's (Tidewater) Snake River Terminal (SRT). The inspection included a records review and inspection of the pipeline facilities.

Our inspection indicates four probable violation(s) as noted in the enclosed report. We also noted two 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 July 10, 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: Bill Collins, Director EHS&S, Tidewater  
Mark Davis, Terminal Operations Supervisor, Tidewater  
Josh Jarman, Quality and Compliance Manager, Tidewater  
Ron McClary, Terminal Maintenance Manager, Tidewater  
Stephanie Syring, Environmental Manager, Tidewater  
John Sherman, General Manager, Tidewater

**UTILITIES AND TRANSPORTATION COMMISSION**  
**2015 Hazardous Liquid Pipeline Safety Inspection**  
**Tidewater Terminal Company, Snake River Terminal**

The following probable violation(s) and areas of concern of Title 49 CFR Part 195 and WAC 480-75 were noted as a result of the 2015 inspection of the Tidewater Terminal Company, Snake River Terminal. The inspection included a random selection of records, operation and maintenance (O&M) practices and a field inspection of the pipeline facilities.

**PROBABLE VIOLATIONS**

1. **49 U.S.C. 60132 National pipeline mapping system (NPMS).**
  - (a) *Information To Be Provided.— Not later than 6 months after the date of enactment of this section, the operator of a pipeline facility (except distribution lines and gathering lines) shall provide to the Secretary of Transportation the following information with respect to the facility:*
    - (1) *Geospatial data appropriate for use in the National Pipeline Mapping System or data in a format that can be readily converted to geospatial data.*
    - (2) *The name and address of the person with primary operational control to be identified as its operator for purposes of this chapter.*
    - (3) *A means for a member of the public to contact the operator for additional information about the pipeline facilities it operates.*
    - (4) *Any other geospatial or technical data, including design and material specifications, that the Secretary determines are necessary to carry out the purposes of this section. The Secretary shall give reasonable notice to operators that the data are being requested.*

**Finding(s):**

Tidewater's breakout tanks are not depicted on NPMS. As breakout tanks are pipeline facilities, appropriate geospatial data needs to be provided indicating the location of Tidewater's breakout tanks. It should be noted, Tidewater stated they did not know this was a requirement as the program does not specifically ask for this information.

2. **49 CFR §195.428 Overpressure safety devices and overfill protection systems.**
  - (a) *Except as provided in paragraph (b) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, or in the case of pipelines used to carry highly volatile liquids, at intervals not to exceed 7½ months, but at least twice each calendar year, inspect and test each pressure limiting device, relief valve, pressure regulator, or other item of pressure control equipment to determine that it is functioning properly, is in good mechanical condition, and is adequate from the standpoint of capacity and reliability of operation for the service in which it is used.*
  - (d) *After October 2, 2000, the requirements of paragraphs (a) and (b) of this section for inspection and testing of pressure control equipment apply to the inspection and testing of overfill protection systems.*

**Finding(s):**

Although the operator did provide records of testing the overfill protection devices at the appropriate intervals, the person performing the test, in some cases, was not qualified to do so. Jim Hines performed this inspection five times in 2013. As there is no record supporting his qualification, this would make the test validation questionable. It should be noted that Tidewater stated this task was not covered under 49 CFR §195 Subpart G, Operator Qualification as they believed it did not meet the four part test of §195.501. In reading the task description, it appears that this task does indeed meet the four part test.

3. **49 CFR §195.432 Inspection of in-service breakout tanks.**

- (a) *Except for breakout tanks inspected under paragraphs (b) and (c) of this section, each operator shall, at intervals not exceeding 15 months, but at least once each calendar year, inspect each in-service breakout tank.*
- (b) *Each operator must inspect the physical integrity of in-service atmospheric and low-pressure steel aboveground breakout tanks according to API Standard 653 (incorporated by reference, see § 195.3). However, if structural conditions prevent access to the tank bottom, the bottom integrity may be assessed according to a plan included in the operations and maintenance manual under § 195.402(c)(3).*
- (d) *The intervals of inspection specified by documents referenced in paragraphs (b) and (c) of this section begin on May 3, 1999, or on the operator's last recorded date of the inspection, whichever is earlier.*

**Finding(s):**

- a) During the records review, it was noted that Tank 4 was due for a 5 year API 653 (Section 6.3.2) external inspection on December 29, 2014, however, it was performed March 20, 2015 - late by 2 months, 20 days.
- b) It was also noted that the API 653 routine in-service inspection (Section 6.3.1) completed by Tidewater personnel, did not occur for Tanks 31, 32, 33, 34 for April 2014. Note: Tidewater procedures state this inspection interval shall not exceed one month (O&M 205.9) which is more stringent than the federal code.

4. **49 CFR §195.507 Recordkeeping.**

Each operator shall maintain records that demonstrate compliance with this subpart.

- (a) *Qualification records shall include:*
  - (1) *Identification of qualified individual(s);*
  - (2) *Identification of the covered tasks the individual is qualified to perform;*
  - (3) *Date(s) of current qualification; and*
  - (4) *Qualification method(s).*
- (b) *Records supporting an individual's current qualification shall be maintained while the individual is performing the covered task. Records of prior qualification and records of individuals no longer performing covered tasks shall be retained for a period of five years.*

**Finding(s):**

The following individuals were noted performing operator qualified tasks with no record to show they were actually qualified:

- John Hines performed task-030 "Test overflow protective devices (liquid)" multiple times in 2013 (1/1, 6/2, 9/1, 10/10, 12/4), however, Tidewater's records ([energyworld.net](http://energyworld.net)) do not show him being qualified to perform this task.
- Karen Scott performed Task 027.1 Routine Monthly Inspection of Breakout Tanks (liquid), multiple times in 2014/2015 (4/2/14 and 11/1/14, 2/1/15), however, Tidewater's records ([energyworld.net](http://energyworld.net)) do not show her being qualified to perform this task.
- Tim Berry performed task-inspect and operate gate valve-during field inspection on May 6, 2015, however, Tidewater's records ([energyworld.net](http://energyworld.net)) do not show him qualified to perform this task.

**AREAS OF CONCERN OR FIELD OBSERVATIONS**

1. **49 CFR §195.307 Pressure testing aboveground breakout tanks.**

- (c) *For aboveground breakout tanks built to API Std 650 (incorporated by reference, see §195.3) and first placed in service after October 2, 2000, testing must be performed in accordance with Sections 7.3.5 and 7.3.6 of API Standard 650.*
- (d) *For aboveground atmospheric pressure breakout tanks constructed of carbon and low alloy steel, welded or riveted, and non-refrigerated; and tanks that are returned to service after October 2, 2000, and are built to API Std 650 (incorporated by reference, see §195.3) or its predecessor Standard 12C; the necessity for the hydrostatic testing of repair, alteration, and reconstruction is covered in Section 12.3 of API Std 653.*

**Finding(s):**

A records review for hydrostatic testing was conducted for Tanks 1, 2, 14, 22, 24, 33. Hydrotest record for tanks 1 and 2, put into service in 1975 and 1976 respectively, could not be found. Hydrotest record for tank 14, first put into service in 1945, could not be found. Hydrotest record for tank 24, put into service in 1952, could not be found.

All of these tanks were first put into service (or significantly altered) prior to October 2, 2000, so code language would not apply. However, Tidewater should have a plan to capture this information for any pre-code tanks are re-hydrotested.

2. **49 CFR §195.571 What criteria must I use to determine the adequacy of cathodic protection?**

*Cathodic protection required by this Subpart must comply with one or more of the applicable criteria and other considerations for cathodic protection contained in paragraphs 6.2 and 6.3 of NACE SP 0169 (incorporated by reference, see § 195.3).*

*The following is taken from Tidewater's O&M Manual:*

*401.2 Criteria for Achieving Cathodic Protection*

- (a) *Any of the below listed criteria, when complied with separately or collectively*

*will indicate adequate cathodic protection has been achieved for steel pipe or external carbon steel storage tank bottoms.*

- *A negative (cathodic) potential of at least 850 mV with the current applied. This potential shall be measured with respect to a saturated copper/copper sulfate reference electrode (CSE) contacting the electrolyte. Consideration must be given to voltage drops other than those across the structure-to-electrolyte boundary for valid interpretation of this voltage measurement.*

**Finding(s):**

The following were noted during review of Tidewater facilities:

- Pipe-to-soil (P/S) readings were taken on the chime at 4 quadrants of selected breakout tanks. Tank 32 on the north side had a reading of -472 mV with current applied. This is well below the acceptance criteria. The other three quadrants were well above the acceptable range. Tidewater has the annual cathodic protection (CP) survey scheduled for July 2015 and they will have their CP specialist look into this issue.
- P/S readings were taken at various formal test stations as well as at locations where the pipelines were above ground (block valves). At one location, adjacent to Tesoro's tank farm, the P/S reads were -612, -613 and -612 mV for the three SRT to Tesoro 6-inch pipelines. This is well below the acceptance criteria. Tidewater was aware of this situation and was actively pursuing the problem.

Tidewater has 90 days to investigate the low reads and mitigate as necessary.