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August 28, 2012

David Lykken- Director of Pipeline Safety Program
State of Washington Utilities and Transportation Commission
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State of Washington
UTC
Pipeline Safety Program

Subject: Response to 2012 Grays Harbor/Mason County Standard Inspection

Dear Mr. Lykken,

This letter is intended to address all probable state safety code violations and areas of concern. We specifically are addressing how and when we plan to bring the probable violations and areas of concern into full compliance. The inspection was conducted on June 18-21, 2012 in Aberdeen, WA.

The following is in response to four probable violations and two areas of concern:

PROBABLE VIOLATIONS

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):

There were several river crossing markers that were reported missing or damaged on 2/11/11, 9/13/11, 12/12/11 and 12/29/11 quarterly patrol and leak survey AOC logs. Although a CNG staff member went out and confirmed one of the suspect markers had been remediated during our records portion of the inspection, there were additional markers that were unconfirmed that they had been replaced within the required time. Many of the work orders were unable to be found. Additionally, there was an example provided where marker that was reported as needing replaced on 10/01/2011 in work order 589721999. It was replaced on 4/26/2012 which is beyond the 45 day limit.

Cascade Response:

Cascade Natural Gas Corporation (CNGC) concurs that documentation indicating missing/damaged pipeline markers were replaced within 45 days was not provided. Aberdeen District Manager will review the cited quarterly patrols and leak survey AOC logs to identify the missing or damaged pipeline markers. Work orders will be created and completed on these missing/damaged pipeline markers. To improve the recordkeeping practices in the district, an AOC log that includes tracking for each missing or damaged pipeline marker has been implemented.

2. WAC 480-93-018 Records.

- (5) *Each gas pipeline company must update its records within six months of when it completes any construction activity and make such records available to appropriate company operations personnel.*

Finding(s):

- a. Work order #9419089752 indicates a service was installed on 10/29/10. It was not mapped as of 9/13/2011.
- b. Work order #9361410235 indicates a service was installed on 5/19/08. It was not mapped as of 4/25/12.

Cascade Response:

CNGC concurs that service line on Work order 9419089752 and 9361410235 were not mapped within 6 months. CNGC map has been updated with these services. The Aberdeen district will maintain a mapping tracking log. This log will be reviewed by the District Manager to ensure maps and records are updated within 6 months of construction activity.

3. WAC 480-93-186 Leak evaluation.

- (3) *The gas pipeline company must check the perimeter of the leak area with a combustible gas indicator. The gas pipeline company must perform a follow-up inspection on all leak repairs with residual gas remaining in the ground as soon as practical, but not later than thirty days following the repair.*

Finding(s):

- a. On 11/6/11 at 375 Stamper Rd, Elma, there was residual gas remaining after a follow-up read was taken. The next follow-up was on 3/19/12.
- b. On 1/31/12 at 2118 Jefferson, Shelton, there was residual gas remaining. The next follow-up was on 6/13/12.
- c. On 1/28/12 at 927 Euclid, Shelton, there was residual gas remaining. The next follow-up was on 5/11/12.

Cascade Response:

CNGC concurs that follow-up reads were not taken within 30 days. On May 2, 2012, all Aberdeen District personnel reviewed Company Procedure (CP) 750 Leak Investigation. In May 2012, documentation re-training was provided in the Aberdeen District. The training specifically included details on the 30-day leak follow up investigation requirements.

4. WAC 480-93-100 Valves.

- (2) *Each gas pipeline company must have a written service valve installation and maintenance program detailing the valve selection process, inspection, maintenance, and operating procedures. The written program must detail which new services will be required to have valves installed and maintained under this section. Service valve installation requirements do not apply to existing services (they are not retroactive). Existing service valves that historically have not been maintained but are deemed necessary for maintenance by the written valve maintenance program must be maintained in accordance with subsection (3) of this section (service valve maintenance requirements are retroactive). The written program shall explain how each of the following criteria and/or locations are considered in selecting which services will have valves installed and/or maintained under this subsection:*
 - (a) *Services to churches, schools, hospitals*

- (b) *Service line length and size.*
- (c) *Service line pressure.*
- (d) *Services to buildings occupied by persons who are confined, are of impaired mobility, or would be difficult to evacuate.*
- (e) *Services to commercial or industrial buildings or structures.*
- (f) *Services to high occupancy structures or areas.*

Finding(s):

There is a procedure, CP 604.034, but it addresses the design of new installations. WAC 480-93-100(2) requires the identification of existing service valves for maintenance under a written valve maintenance program.

Cascade Response:

On August 3rd, 2012, CNGC completed a thorough analysis of existing service line valves that were not previously maintained. This analysis was performed by comparing the valve information on the newly implemented GIS system versus the list of maintained service line valves across CNGC. CNGC identified 24 additional service line valves across the State of Washington which were added to district maintenance lists. In addition, draft language has been added to CP 604 and is in the MOC-Management of Change process as written below: CNG identifies existing service line valves that have not been previously maintained by comparing valve information from the GIS system versus the list of maintained service line valves or as more information becomes available. Valves that meet the requirements for service line valves but are not on the list of maintained service line valves will be added to the list and assigned a "SV" designation. These service line valves require annual maintenance.

AREAS OF CONCERN

1. **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 disbanded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.*

Finding(s):

- a. R-4- Camp Creek Road W of Brook Drive, Montesano, WA
There was a chart box that was bolted to the manifold and the operator could not confirm if it was removed during the last atmospheric corrosion survey.
- b. R-38- Old Olympic Highway at Kitsap Peninsula Line, Shelton, WA
There was a chart box that was bolted to the manifold and the operator could not confirm if it was removed during the last atmospheric corrosion survey.

Cascade Response:

CNGC concurs that chart boxes were bolted to the manifold and could not confirm that they were removed during the last atmospheric corrosion survey.

- a. CNGC has completely removed and retired the chart box and stand from R-4. The area was been inspected for pitting, surface rust was found, the area scraped and painted.
- b. The chart box has been removed from the manifold on R-38 and relocated to a standalone post. The piping was inspected for pitting. No corrosion was found.

2. **49 CFR §192.479 Atmospheric corrosion control: General.**

- (a) *Each operator must clean and coat each pipeline or portion of pipeline that is exposed to the atmosphere, except pipelines under paragraph © of this section.*

Finding(s):

- a. R-4- Camp Creek Road W of Brook Drive, Montesano, WA
There were sections of dis-bonded coating and some external corrosion present needing evaluation on the line pipe. The operating run had corrosion needing evaluation on a welded pipe nipple and the outlet valve housing. The operator indicated that this station was scheduled for remediation:
- b. R-10 --McCleary-Sine Rd at Williams Pipeline, McCleary, WA
There were sections of dis-bonded coating and some external corrosion present needing evaluation on the line pipe. The operator indicated that this station was scheduled for remediation.
- c. R-15 —Shelton Springs Rd at Kitsap Peninsula Line, Shelton, WA
There were sections of dis-bonded coating and some external corrosion present needing evaluation on the line pipe. The operator indicated that this station was scheduled for remediation.
- d. R-34-Shelton Springs Rd at Wallace Blvd, Shelton, WA
R-15 was within the same station and it was noted as having more corrosion than R-34, but the operator stated that both stations are scheduled to be cleaned, evaluated for corrosion, and properly coated.

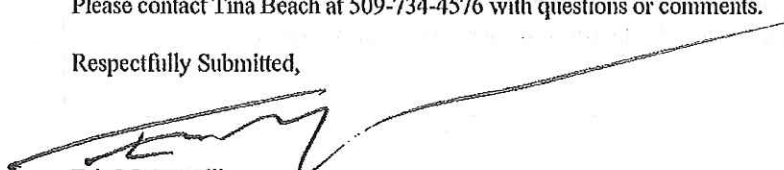
Cascade Response:

CNGC concurs that varying levels of external corrosion was present at these Regulator Stations. CNGC has hired a contractor to sandblast and paint these Regulator Stations. After the contractor has sandblasted and cleaned the station, a qualified CNGC employee will inspect the station for pitting. New wrap will be applied by a qualified CNGC employee prior to painting.

- a. The nipple and valve were replaced on R-4. R-4 is scheduled for remediation.
b. R-10 is scheduled for remediation.
c. R-15 and R-34 are in the same station location and both have been sandblasted by CNGC contractor. No pitting was found by CNGC employee. All dry piping was painted as of August 1, 2012. Contractor will return to paint remaining surfaces when operating runs are switched.
d. See comment above (c).

Please contact Tina Beach at 509-734-4576 with questions or comments.

Respectfully Submitted,



Eric Martuscelli,
Vice President, Operations
Cascade Natural Gas Corporation