



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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Sent Via Email and Electronic Receipt Return Mail

November 17, 2017

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

**RE: 2017 Natural Gas Standard Inspection – NW Natural Columbia Gorge Unit
(Insp. No. 7241)**

Dear Mr. Yoshihara:

Staff from the Washington Utilities and Transportation Commission (staff) conducted a Standard inspection on Oct. 16-26, of NW Natural's Columbia Gorge Unit. The inspection included a records review and inspection of the pipeline facilities.

Our inspection indicates four probable violations as noted in the enclosed report. We also noted one area of concern, which unless corrected, could potentially lead to future violations of state and/or federal pipeline safety rules.

Your response needed

Please review the attached report and respond in writing by Dec. 19. 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:

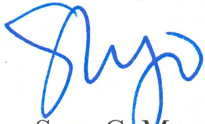
- Issue an administrative penalty under RCW 81.04.405; or

- Issue a complaint under RCW 81.88.040, seeking monetary penalties, changes in the company's practices, or other relief authorized by law, and justified by the circumstances. Any pipeline company that violates any pipeline safety provision of any commission order, or any rule in this chapter including those rules adopted by reference, or chapter 81.88 RCW is subject to a civil penalty not to exceed two hundred thousand dollars for each violation for each day that the violation persists. The maximum civil penalty for a related series of violations is two million dollars; or
- Consider the matter resolved without further commission action.

We have not yet decided whether to pursue a penalty or complaint in this matter. Should the commission decide to assess a penalty or initiate a complaint, your company will have an opportunity to respond and formally present its position.

If you have any questions or if we may be of any assistance, please contact Derek Norwood at (360) 664-1296. Please refer to the subject matter described above in any future correspondence pertaining to this inspection.

Sincerely,



Sean C. Mayo
Pipeline Safety Director

cc: JR Gonzales, Manager, Code Compliance, NW Natural

UTILITIES AND TRANSPORTATION COMMISSION
2017 Natural Gas Pipeline Safety Inspection
NW Natural Columbia Gorge Unit

The following probable violations and area of concern of Title 49 CFR Part 192 and WAC 480-93 were noted as a result of the 2017 inspection of the NW Natural (NWN) Columbia Gorge 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 §192.463(a) External corrosion control: Cathodic protection**
(a) Each cathodic protection system required by this subpart must provide a level of cathodic protection that complies with one or more of the applicable criteria contained in appendix D of this part. If none of these criteria is applicable, the cathodic protection system must provide a level of cathodic protection at least equal to that provided by compliance with one or more of these criteria.

Finding(s):

49 CFR 192 Appendix D Section II says voltage (IR) drops other than those across the structure electrolyte boundary must be considered for valid interpretation of the voltage measurement. When reviewing NWN's annual cathodic protection (CP) measurements, staff asked NWN if they take instant-off measurements, which is a common way to consider IR drop. NWN indicated that they do not take instant-off measurements and could not prove that IR drop had been taken into consideration.

2. **WAC 480-93-188(3)(a) Gas leak surveys**
(3) 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):

NWN did not provide records to show that leak surveys had been performed annually not to exceed fifteen months within business districts. There are areas within Bingen and White Salmon that are business districts as defined in WAC 480-93-005(3). These specific areas are areas that NWN agreed to add to their list of business districts after reviewing findings from WUTC's last inspection of Columbia Gorge in 2014 (See letter titled "NW Natural's Amended Response to Inspection of the Columbia Gorge (#5818)" dated January 22, 2015). From the review of main leak survey records, it appears that the gas mains in these business districts have not been leak surveyed since 2013 and 2008 before that.

3. **WAC 480-93-180(1) Plans and procedures**

(1) 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 C.F.R. §§ 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 definitions of Business District and Special Building do not incorporate all the areas and buildings that would be incorporated by the WAC definitions of Business District and High Occupancy Structure.

NWN's definition of a Business District requires that the area containing gas facilities be 1000 continuous feet and the gas facilities must be predominantly under continuous pavement. These extra requirements of 1000 continuous feet and under continuous pavement are not included in the WAC definition and exclude areas that would be considered business districts under WAC 480-93-005(3).

NWN conducts Special Building leak surveys annually not to exceed fifteen months. This is seen by staff to be the equivalent of High Occupancy Structure leaks surveys which are also required to be leak surveyed annually not to exceed fifteen months. NWN's definition of Special Building does not align with the definition of High Occupancy Structure as defined in WAC 480-93-005(14). The WAC definition could include buildings such as grocery stores, office buildings, mills, etc. None of these types of buildings are included in NWN's definition of Special Building, therefore, will not be leak surveyed annually not to exceed fifteen months.

4. **49 CFR §192.615(b)(3) Emergency plans**

(b) Each operator shall:

(3) Review employee activities to determine whether the procedures were effectively followed in each emergency.

Finding(s):

According to NWN, review of employee activities during an emergency occurs on a sampling basis similar to normal operations tasks as a part of their QA/QC program. Code requires that a review be completed for each emergency. NWN was unable to provide a record showing they had completed a review of employee activities for each emergency.

AREAS OF CONCERN OR FIELD OBSERVATIONS

1. **49 CFR 192.479(a) 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 (c) of this section.

During the field inspection of the Klickitat Gate Station, staff noted that there was visible corrosion at the soil-to-air interface of regulator station piping. The 2016 gate station inspection by NWN indicated that no corrosion was present at this station.