



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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Sent Via Email and Electronic Return Receipt Mail

October 1, 2018

Vincent Di Cosimo
VP Petroleum Logistics
Targa Resources
1000 Louisiana St, Suite 4300
Houston, TX 77002
vdicosimo@targaresources.com

**RE: 2018 Hazardous Liquid Integrity Management Plan Inspection – Targa Sound Terminal LLC
(Insp. No. 7562)**

Dear Mr. Di Cosimo:

Staff from the Washington Utilities and Transportation Commission (staff) conducted a Liquid Integrity Management Plan inspection of Targa Sound Terminal LLC (Targa) from Sept. 10-11. This inspection included a records review and inspection of the pipeline facilities.

Our inspection indicates two probable violations as noted in the enclosed report. We also noted one area 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 Nov. 1. 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

Targa Sound Terminal LLC
2018 LIMP Inspection
Oct. 1, 2018
Page 2

- 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 Dennis Ritter at (360) 664-1159. Please refer to the subject matter described above in any future correspondence pertaining to this inspection.

Sincerely,



Sean C. Mayo
Pipeline Safety Director

Enclosure

cc: Tim Huffer, Manager, Regulatory Compliance, Targa thuffer@targaresources.com
Mathew J. Kolata, Environment, Health & Safety Specialist, Targa mkolata@targaresources.com
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UTILITIES AND TRANSPORTATION COMMISSION
2018 Hazardous Liquid Integrity Management Plan Inspection
Targa Sound Terminal, LLC

The following probable violations and area of concern of Title 49 CFR Part 195 were noted as a result of the 2018 inspection of the Targa Sound Terminal LLC (Targa). The inspection included a random selection of records, and field inspection of the pipeline facilities.

PROBABLE VIOLATIONS

1. 49 CFR §195.452 Pipeline integrity management in high consequence areas.

(f) What are the elements of an integrity management program? An integrity management program begins with the initial framework. An operator must continually change the program to reflect operating experience, conclusions drawn from results of the integrity assessments, and other maintenance and surveillance data, and evaluation of consequences of a failure on the high consequence area. An operator must include, at minimum, each of the following elements in its written integrity management program:

(6) Identification of preventive and mitigative measures to protect the high consequence area (see paragraph (i) of this section);

(i) What preventive and mitigative measures must an operator take to protect the high consequence area?

(2) Risk analysis criteria. In identifying the need for additional preventive and mitigative measures, an operator must evaluate the likelihood of a pipeline release occurring and how a release could affect the high consequence area. This determination must consider all relevant risk factors, including, but not limited to:

i) Terrain surrounding the pipeline segment, including drainage systems such as small streams and other smaller waterways that could act as a conduit to the high consequence area;

IA Question No. 8 High Consequence Areas: Does the process include an analysis of overland spread of hazardous liquids to determine the extent of commodity spread and its effects on HCAs? IM.HC.HCAOVERLAND.P

Findings:

During the inspection, it was noted that Targa runs a trace model to determine "could affect areas" which might impact a High Consequence Area (HCA.) Section 1.3, Determination of Hazard Zones, states, "Pipelines that are located within the boundaries of an HCA have the potential to impact the HCA." However, there is not a process to quantify the potential impact. For lines located outside the HCA, Targa states the following, "Spill point analysis shall be performed all along the pipeline and resulting spill 'footprint' integrated into GIS to determine when a release could affect an HCA located some distance from the pipeline."

Action: Targa needs to add language to its plan stating that an analysis will be performed to determine if there are any areas inside the HCA where product could spread/pool and be transported to waterways impacting the HCA.

2. **49 CFR §195.452 Pipeline integrity management in high consequence areas.**

(l) What records must an operator keep to demonstrate compliance? (1) An operator must maintain, for the useful life of the pipeline, records that demonstrate compliance with the requirements of this subpart. At a minimum, an operator must maintain the following records for review during an inspection:

(i) A written integrity management program in accordance with paragraph (b) of this section.

(ii) Documents to support the decisions and analyses, including any modifications, justifications, deviations and determinations made, variances, and actions taken, to implement and evaluate each element of the integrity management program listed in paragraph (f) of this section.

IA Question No. 9 High Consequence Areas: Do records indicate that the analysis of overland spread is consistent with the documented process? IM.HC.HCAOVERLAND.R

Findings:

Targa does not have records for an overland flow analysis. The analysis should describe product pools/spreads, and transport to storm drains or ditches, specifically at the pump station and terminal.

AREAS OF CONCERN OR FIELD OBSERVATIONS

1. **49 CFR §195.583 What must I do to monitor atmospheric corrosion control?**

(c) If you find atmospheric corrosion during an inspection, you must provide protection against the corrosion as required by §195.581.

IA Question 5 Atmospheric Corrosion Monitoring: Is aboveground pipe that is exposed to atmospheric corrosion protected? TD.ATM.ATMCORRODEINSP.O

Findings:

Regulated pipe at the pump station had missing coating in areas, particularly around the butt welds. Targa stated this line was in the process of being recoated. If not recoated, the marine atmosphere near this location could lead to corrosion issues.