

VIA CERTIFIED MAIL

December 17, 2004

Michael S. McCoy
Executive Vice President
Northwest Natural Gas Company
220 Northwest Second Avenue
One Pacific Square
Portland, Oregon 97209

Dear Mr. McCoy:

Subject: 2004 Standard Natural Gas Inspection-Columbia Gorge District

On September 20 - 24, 2004, Commission Pipeline Safety staff (Staff) conducted a pipeline safety inspection of Northwest Natural Gas Company's (NWN) natural gas facilities and operations located within the Columbia Gorge district. Staff found one violation of pipeline safety regulations during the inspection process. Staff has also noted seven areas of concern, which unless corrected, could potentially lead to future violations of state or federal pipeline safety regulations.

The foregoing finding of probable violation constitutes Staff's position at this time, based on its investigation. This finding of probable violation does not constitute Commission findings of violations.

There are several possible actions the Commission, in its discretion, may take with respect to this matter. For example, the Commission may consider the matter resolved without further Commission action. Or, the Commission may issue an administrative penalty under RCW 80.04.405. Or, the Commission may institute a complaint, seeking monetary penalties, changes in the company's practices, or other relief authorized by law, and justified by the circumstances. This list of possible actions is not intended to

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be exhaustive, but it is intended to give the normal range of actions the Commission typically considers.

Regardless what actions the Commission decides to take, if any, the company will have the opportunity to present its position on the merits of the matters involved. As of this date, the Commission has made no decision regarding what appropriate action it will take in this matter.

Please review the attached report and respond in writing by January 19, 2005. The response should include a letter of intent and the date you plan to provide full compliance. Staff is also requesting that NWN respond to the areas of concern or recommendation in writing. If you have any questions or if Staff may be of any assistance, please contact Scott Rukke at (360) 664-1241.

Thank you.

Sincerely,

Alan E. Rathbun
Pipeline Safety Director

cc: Bruce L. Paskett, NWN
Darlene Maurer, NWN

The Washington Utilities and Transportation Commission (Commission) has the authority to enforce minimum safety regulations per Chapter 480-93 of the Washington Administrative Code (WAC) pertaining to the construction, maintenance and operation of pipelines transporting natural gas in the state of Washington. In addition, the Commission adopts the Code of Federal Regulations (CFR) Title 49, Part 191 and 192.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
2004 Natural Gas Pipeline Safety Inspection
Northwest Natural Gas Corporation – Columbia Gorge District
Docket PG-041601

VIOLATION REPORT

The following probable violation item of Title 49 CFR Part 192 was noted as a result of the inspection of the Northwest Natural Gas Company's Columbia Gorge area facilities. The inspection included a random selection of inspection of records, operation & maintenance, emergency response, inventory and field inspection of the pipeline facilities.

1. **Part 192.707(c), Line markers for Mains and Transmission Lines.**

Pipelines aboveground. Line markers must be placed and maintained along each section of a main and transmission line that is located aboveground in an area accessible to the public.

Finding:

No pipeline markers were installed at the bridge crossing located at Evergreen Drive and Greenleaf Creek. This pipeline is installed aboveground and is accessible to the public. Interpretation 192.707, no. 22, dated July 16, 1991, defines an area as being accessible to the public if the entrance into the area is not physically controlled by the operator or if the area may be entered without difficulty. This pipeline meets either of the conditions listed in this interpretation therefore, would be accessible to the public.

AREAS OF CONCERN/RECOMMENDATIONS

1. NWN was unable to locate a calibration and maintenance schedule for the Heath Detecto-Pak III (HFI) instruments in their procedures manual. NWN should review their procedures manual and if necessary add a calibration, maintenance and operation procedure for their HFI units. NWN should review and revise as necessary their procedures manual to reflect the required manufacturers calibration frequencies for all leak detection instruments.

Note: Per letter dated November 23, 2004, NWN has agreed to revise their procedures manual to indicate a required calibration frequency for HFI's and GMI's based on manufacturers recommendations.

2. NWN procedure SP-703 requires patrols of bridge crossings one time per year. This does not meet the minimum requirement of two times per year, not to exceed 7 ½ months between patrols. Although there is some discretion for operators to determine what areas or pipelines require patrolling, it is generally understood that bridge crossings meet the definition of "mains in places or on structures where anticipated physical movement or external loading could cause failure or leakage" as detailed in Part 192.721(b). NWN should revise their procedures manual to require patrolling at a frequency detailed in Part 192.721.
3. NWN procedure SP-480 does not have remedial action timeframes for correcting deficiencies noted during atmospheric corrosion surveys. NWN should review their procedures manual and add atmospheric corrosion remedial action timeframes.
4. Staff observed polyethylene (PE) pipe in NWN's The Dalles storage yard that was manufactured and dated 1995. NWN procedure SP-059 3.3 has a four-year maximum ultraviolet (UV) light exposure limit for PE pipe. Excessive UV exposure can severely degrade the properties of PE pipe and make it unsuitable for installation. NWN should review their PE pipe stockpiles and discard PE pipe that is outdated and unsuitable for installation.
5. CFR, Part 192.63 requires that each valve, fitting, length of pipe, and other component be properly marked. Staff observed several lengths of bare and wrapped steel pipe in NWN's The Dalles storage yard that was not clearly marked. NWN personnel indicated that the pipe was mainly for meter protection or other non-gas carrying purposes. NWN should clearly mark all steel lengths of pipe and designate an area for non-gas carrying pipe. This will ensure that no steel pipe is used for repairs or other purposes it is not intended or suitable for.
6. NWN provided records that indicated on August 4, 2003, a readily detectable odorant read of 1.75% was recorded in North Bonneville. This is above the maximum readily detectable level of 1% gas in air (based on an LEL of 5%) allowed by Part 192.625. NWN did not conduct follow-up action until August 18, 2003. Staff believes that the two weeks between the unacceptable read and follow-up remedial action is too long. NWN should add a procedure to their

manual detailing required follow-up actions and timeframes when odorant levels are found to be unacceptable.

7. NWN provided Staff with a copy of the manufacturer's recommended calibration schedule for the Heath Detecto-Pak III. The calibration frequency indicated that based on usage, NWN should calibrate the instruments on a weekly basis. This frequency is based on the fact that NWN indicated to Staff that the instruments are used on a nearly daily basis. NWN records indicate that calibration for these schedules is being conducted on an approximately 90-day schedule. This does not meet the manufacturers' recommended frequencies. NWN Operator Qualification procedure OP-501-01 requires that a calibrated gas be used upon instrument start-up but does not require that a record be maintained.

Unless otherwise indicated by the manufacturer, the use of calibrated gas to determine that the instrument is measuring within tolerances is an acceptable method of satisfying the calibration schedules outlined by the manufacturer but a record must be maintained to show compliance with WAC 480-93-188(2). NWN should revise their procedures manual to require calibration and record keeping on a schedule provided by the manufacturer for each leak detection instrument.