STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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CERTIFIED MAIL

November 26, 2014

Mike Cohen
Managing Partner
Point Ruston, LLC
5219 N. Shirley St. #100
Ruston, WA 98407

Dear Mr. Cohen:

RE: 2014 Propane Gas Distribution Design, Testing and Construction Inspection –Point Ruston, LLC – (Insp. No. 6112)

Staff from the Washington Utilities and Transportation Commission (staff) conducted a Design Testing and Construction inspection from September 25 to November 14, 2014, of Point Ruston, LLC. The inspection included a review of submitted documents and plans for construction of a Petroleum Gas/Propane Gas Distribution facility and site observations during construction.

Our inspection indicates eight probable violations as noted in the enclosed report. We also noted nine areas of concern, field observations or drawing issues 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 December 31, 2014. The response should include how and when you plan to bring the probable violations and areas of concern 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;

- 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 Lex Vinsel at (360) 664-1319. 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: Loren Cohen, Partner, Point Ruston, LLC
Joeseph Harrison, Site Construction Manager, Point Ruston, LLC
Conor McCarthy, In-House Attorney, MC Construction LLC

UTILITIES AND TRANSPORTATION COMMISSION
2014 Propane Gas Distribution Design, Testing and Construction Inspection
Point Ruston, LLC

The following probable violations and areas of concern of Title 49 CFR Part 192 and WAC 480-93 were noted as a result of the 2014 inspection of the Point Ruston, LLC. The inspection included a review of drawings and plan submittals, inspection of pipe inventory for propane line and field inspection of the joint utility trench with pipeline in trench.

PROBABLE VIOLATIONS

1. **49 CFR §192.11 Petroleum gas systems.**
   - *(a) Each plant that supplies petroleum gas by pipeline to a natural gas distribution system must meet the requirements of this part and ANSI/NFPA 58 and 59.*
   - *(b) Each pipeline system subject to this part that transports petroleum gas or petroleum gas/air mixtures must meet the requirements of this part and of ANSI/NFPA 58 and 59.*
   - *(c) In the event of a conflict between this part and ANSI/NFPA 58 and 59, ANSI/NFPA 58 and 59 prevail.*

   Finding(s):
   Operator did not provide any evidence that the requirements in ANSI/NFPA 58 & 59 were considered.

2. **49 CFR §192.283 Plastic pipe: Qualifying joining procedures.**
   - *(a) Heat fusion, solvent cement, and adhesive joints. Before any written procedure established under §192.273(b) is used for making plastic pipe joints by a heat fusion, solvent cement, or adhesive method, the procedure must be qualified by subjecting specimen joints made according to the procedure to the following tests:*
     - *(1) The burst test requirements of--*
       - *(i) In the case of thermoplastic pipe, paragraph 6.6 (sustained pressure test) or paragraph 6.7 (Minimum Hydrostatic Burst Test) or paragraph 8.9 (Sustained Static pressure Test) of ASTM D2513-99 (incorporated by reference, see § 192.7);*

   Finding(s):
   Operator did not provide evidence that the fusing procedure used in Propane Distribution fusing was qualified prior to use. No test reports were provided.

3. **49 CFR §192.319 Installation of pipe in a ditch.**
   - *(b) When a ditch for a transmission line or main is backfilled, it must be backfilled in a manner that:*
     - *(1) Provides firm support under the pipe; and*
     - *(2) Prevents damage to the pipe and pipe coating from equipment or from the backfill material.*

Finding(s):
During my observations on Point Ruston Propane Distribution System, I found that the bedding material did not appear to meet requirement for 6-inch of sand bedding below and above installed plastic pipe. My observations make me believe that the full 6-inch of bedding below the pipe, prior to installation, was less than adequate. I noted on the first and subsequent observations that the bedding material used for the conduit section of the trench appeared inadequate. Bedding material did not appear as a dark sand but as small light colored pebbles, not sand or Sieve 3/8-inch minus, which is used by other operators.

4. **49 CFR §192.321 Installation of plastic pipe.**

(e) Plastic pipe that is not encased must have an electrically conducting wire or other means of locating the pipe while it is underground. Tracer wire may not be wrapped around the pipe and contact with the pipe must be minimized but is not prohibited. Tracer wire or other metallic elements installed for pipe locating purposes must be resistant to corrosion damage, either by use of coated copper wire or by other means.

Finding(s):
During observations at Point Ruston, I asked if they were going to protect the copper tracer wire with anything, such as an anode. Didn't get an answer back. Other operators in state have a practice/procedure that attaches small anodes to the tracer wire to protect the uncoated copper and copper wire.

5. **WAC 480-93-017 Filing requirements for design, specification, and construction procedures.**

(1) Any gas pipeline company intending to construct or operate a gas pipeline in this state must file all applicable construction procedures, designs, and specifications used for each gas pipeline with the commission at least forty-five days prior to the initiation of construction activity. All procedures must detail the acceptable types of materials, fittings, and components for the different types of facilities in the gas pipeline company's system.

(2) Except in an emergency, a gas pipeline company must submit to the commission for review, at least forty-five days prior to construction, any construction plans that do not conform with a gas pipeline company's existing and accepted construction procedures, designs, and specifications on file with the commission.

Finding(s):
Point Ruston, LLC did not submit applicable construction procedures, designs and specifications to be used in construction 45 days prior to the initiation of construction activity. The Point Ruston Propane Distribution section of the pipeline in question was complete on September 25, 2014, during my first observation of the site. Plans, a generic fusing procedure and some other materials were submitted on October 3, 2014, under the title of Point Ruston Phase II, LLC, Propane Gas Pipe Installation, Construction & Qualification Procedures.

6. **WAC 480-93-013 Covered tasks.**

(1) Background. 49 CFR §§ 192.803 through 192.809 prescribe the requirements associated with qualifications for gas pipeline company personnel to perform "covered tasks." 49 CFR § 192.801 contains a definition of "covered task." In WAC 480-93-999, the commission adopts 49 CFR §§ 192.801 through 192.809. However, in this section, the commission includes "new construction" in the definition of "covered task."

(2) Accordingly, for the purpose of this chapter, the commission defines a covered task that will be subject to the requirements of 49 CFR §§ 192.803 through 192.809 as an activity, identified by the gas pipeline company, that:

(a) Is performed on a gas pipeline;

(b) Is an operations, maintenance, or new construction task;

(c) Is performed as a requirement of Part 192 CFR; and

(d) Affects the operation or integrity of the gas pipeline.

(3) In all other respects, the requirements of 49 CFR §§ 192.801 through 192.809 apply to this chapter.

(4) The equipment and facilities used by a gas pipeline company for training and qualification of employees must be similar to the equipment and facilities on which the employee will perform the covered task.

Finding(s):

Point Ruston, LLC could not provide a copy of their Operator Qualification program nor a list of covered tasks.

7. **WAC 480-93-170 Tests and reports for pipelines.**

(10) Pressure testing equipment must be maintained, tested for accuracy, or calibrated, in accordance with the manufacturer's recommendations. When there are no manufacturer's recommendations, then pressure testing equipment must be tested for accuracy at an appropriate schedule determined by the gas pipeline company. Test equipment must be tagged with the calibration or accuracy check expiration date. The requirements of this section also apply to equipment such as pressure charts, gauges, dead weights or other devices used to test, monitor or check system pressures or set-points.

Finding(s):

During observation of a pressure test of the Point Ruston Propane Distribution pipeline, I noted that the test meter did not have a calibration sticker showing when 0-100 PSIG gauge was due for calibration. Operator told me that the meter was only two months old and had been bought just for this job. When asked about the calibration, the operator said that he had thrown the paperwork in the box away.

8. **WAC 480-93-180 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 CFR §§ 191, 192 and chapter 480-93 WAC, and any plans or procedures used by a gas pipeline company's associated contractors.

(2) The manual must be filed with the commission forty-five days prior to the operation of any gas pipeline. Each gas pipeline company must file revisions to the manual with the commission annually. The commission may, after notice and opportunity for hearing, require that a manual be revised or amended. Applicable portions of the manual related to a procedure being performed on the pipeline must be retained on-site where the activity is being performed.

(3) The manual must be written in detail sufficient for a person with adequate training to perform the tasks described. For example, a manual should contain specific, detailed, step-by-step instructions on how to maintain a regulator or rectifier, conduct a leak survey or conduct a pressure test.

Finding(s):

Point Ruston, LLC could not provide a copy of their O&M Plans and Procedures. A book with generic fusing procedure from AmeriGas was submitted as their fusing procedure. Some plastic pipe specifications were included in the submittal. No Operator Qualification program nor a list of covered tasks was provided.

AREAS OF CONCERN

1. Staff observed that the majority of the joint utility trench was backfilled using small white pebbles, not sand. Drawing in Appendix C, Point Ruston Distribution System Plans, Sheet 3 of 6, Section A, Joint Utility Trench, shows sand as the backfill material for the conduits and the Propane Main. Drawing does not reflect what staff observed on site. If a certain amount of compaction is required for the backfill, pebbles are not very compactable.

2. Drawing of Section A, Joint Utility Trench, does not show 12-inch separation between propane gas main and other services. Drawing shows 12-inch center to center distance.

3. Drawing of Section A Joint Utility Trench does not show 36-inch separation required between gas pipe and electrical mains. Drawing shows 36-inch center to center distance.

4. Drawings refer to use of PE 3406, but all material used is PE 4610.

5. Drawings do not reflect placement of any test points (test wells) that will be required to monitor the integrity of the propane pipeline after burial. Recommended test point spacing is every 20 feet.

6. Point Ruston, LLC submitted on October 3, 2014 , Addendum E, Small Diameter Fusion, Heater Temp. 425-450 degrees (°F is implied) and Addendum F the Operating and Maintenance Manual, Construction of Mains, [AmeriGas Office of Pipeline Safety Manual, Draft, No effective Date:, Pages 20-31 of 57], Butt Fusion Procedures, show the proper heating face temperature for PE pipe fusion as 440°F ±10°F for PE. Daily reports of measured heater temperature do not meet this requirement.

7. Samples for destructive test evaluated on October 20, 2014, at H.D. Fowler company in Bellevue, WA were fused on October 17, 2014. Review of daily report from 3rd party inspector for the day of fusing does not note any temperature measurements.

8. Propane detectors should be installed on the bottom floor of the 4-story garage to detect any propane gas that may collect in the building basement.

9. Point Ruston, LLC has not identified an operator for this propane gas distribution system.