



U.S. Department
of Transportation

1200 New Jersey Avenue SE
Washington, DC 20590

**Pipeline and Hazardous
Materials Safety
Administration**

FEB 8 2013

Mr. Michael Thompson
Chief, Pipeline Safety
Oregon Public Utility Commission
550 Capitol Street NE, Suite 215
Salem, OR 97301

PHMSA-2012-0323

Dear Mr. Thompson:

Pursuant to 49 U.S.C § 60118(d), the Pipeline and Hazardous Materials Safety Administration (PHMSA) reviewed your letter received on December 11, 2012, and interim order of November 27, 2012, notifying us that the Oregon Public Utility Commission (OPUC), pending PHMSA's acceptance, is granting Avista Utilities of Spokane, WA ("Avista"), a waiver of compliance with certain gas pipeline safety regulations related to yield strength for steel pipe whose specification or tensile properties and the qualification of such pipe are unknown (49 CFR § 192.107(b) and by reference Appendix B section II-D specifying test methodologies for determining the yield strength of pipe of unknown specification as adopted by Oregon).

The OPUC's waiver would allow Avista to use the Gas Technology Institute (GTI) FINAL REPORT – OTD Project No.4.7.g/GTI Project No. 20568, "PHASE 2 - *Establishment of Yield Strength Using Sub-size Samples without Gas Line Shutdown*" (March 4, 2011), as an alternative yield strength test method on two specified pipe segments, while requiring the operator to follow additional safety related conditions. The OPUC determined that a waiver would be in the public interest because it would allow Avista to determine the yield strength without taking the lines out of service since this test method would allow smaller standard tensile samples to be extracted from hot tap coupons. PHMSA understands that the OPUC will monitor hot tapping and welding during the sampling process. PHMSA understands from Avista's September 20, 2012 letter to the OPUC, that Avista will maintain portions of Part 192 Appendix B, section II-D regarding the selection of and number of samples for testing and that those portions are not a part of this waiver.

The two pipeline segments for which the OPUC's waiver would be applicable ("Waiver Segments") are limited to the following:

1. Medford High Pressure pipeline system, Object ID 1584021 – 966 feet total length; 6" Nominal Outside Diameter; 0.188" wall thickness; transmission, with historical operating pressure of 470 psig at 34.5% of the Specified Minimum Yield Strength.

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2. Medford High Pressure pipeline system, Object ID 1720174 – 12 feet total length; 6” Nominal Outside Diameter; 0.188” wall thickness; transmission, with historical operating pressure of 470 psig at 34.5% of the Specified Minimum Yield Strength.

PHMSA has completed its technical review of the request and accompanying documents and has no objections to the waiver, provided the following additional conditions are met:

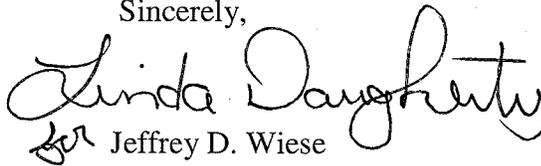
1. Based on recommendations in the above mentioned GTI report, the OPUC must require that Avista follow modified 49 CFR § 192.107(b)(1) requirements as follows:
“(1) If the pipe is tensile tested in accordance with this waiver, the lower of the following, must be used in the design formula in § 192.105, as the yield strength:
(i) 80 percent of the average yield strength determined by the tensile tests.
(ii) The lowest yield strength determined by the tensile tests.”
2. The OPUC must require that Avista follow the modified Part 192 Appendix B section II-D requirement as follows: “If the yield-tensile ratio, based on the properties determined by **testing in accordance with this waiver**, exceeds 0.85, the pipe may be used only as provided in §192.55(c).”
3. Avista must have material documentation for all pipeline appurtenances 2" and larger (i.e., valves, fittings, flanges, and fabricated assemblies) on the Waiver Segments, or any appurtenances that are directly installed and cannot be isolated from the mainline pipeline. This documentation must include, but is not limited to, the manufacturer pressure rating stamp or tag, mechanical and chemical properties tests, and/or procurement specifications. If any such documentation is not available, Avista shall review these gaps with the OPUC Gas Safety Section prior to starting the projects.
4. Avista must create a test plan for determining the yield strength of pipe of unknown specification for the Waiver Segments that include, but are not limited to, the specific tests to be conducted along with the locations and frequency of these tests. If performed without a State waiver, Avista must specifically note anywhere that this test plan deviates from the testing required by Part 192. The test plan must be reviewed and approved by the OPUC Gas Safety Section prior to starting the projects.
5. Avista must metallographically examine a cross section of each test coupon removed. The following action is required if any microstructure sample is anything other than blocky (polygonal) ferrite and pearlite.
 - a. If acicular ferrite is identified in a sample, that sample must not be used in required testing as it may produce erroneously high yield strength values. Another sample must be extracted from the same pipe or from another random sample of pipe per Part 192 requirements.

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- b. If un-tempered martensite or any other unexpected microstructure is identified metallographically, or if any condition is found that indicates a possible integrity concern, Avista shall discontinue testing under the OPUC waiver and consult with OPUC on possible additional steps to maintain pipeline safety. Any such cases must be documented and Avista must make the OPUC aware of this result within 30 days of discovery.
6. At least 30 days prior to the operation of the Waiver Segments at a new MAOP, Avista must document and submit all test results related to this waiver to the OPUC Gas Safety Section for their consideration.
7. Any non-excavation damage related failure that occurs on the Waiver Segments must be reported to the OPUC as soon as practicable and a detailed root cause analysis performed; the results of which must be presented to the OPUC for review. This condition is additional and does not waive or alter reporting or analysis requirements required by 49 CFR Parts 190-199.
8. Avista must immediately notify the OPUC if at any time Avista becomes aware of a threat to the integrity of the Waiver Segments due to operating under the OPUC waiver as compared to Part 192 requirements, or any resultant increase in MAOP that poses a risk to the public, or any other failure risk.

My staff would be pleased to discuss this matter or any other regulatory matter with you. John Gale, Director of Standards and Rulemaking, 202-366-0434, may be contacted on regulatory matters and Joseph Sieve, Acting Director of Engineering and Research, 202-366-5064, may be contacted on technical matters.

Sincerely,



for Jeffrey D. Wiese

Associate Administrator for Pipeline Safety



Oregon

John A. Kitzhaber, MD, Governor

Public Utility Commission

550 Capitol St NE, Suite 215
Mailing Address: PO Box 2148
Salem, OR 97308-2148
Consumer Services
1-800-522-2404
Local: 503-378-6600
Administrative Services
503-373-7394

December 5, 2012

Jeffery D. Wiese
Associate Administrator, Office of Pipeline Safety
1200 New Jersey Avenue, SE, Room E22-330
Washington, D.C. 20590

DEC 11 2012

Re: Waiver Request – Portion of the requirements found in CFR title 49, Part 192.107(b) and, by reference, Part 192, Appendix B, Section II, Paragraph D.

Mr. Wiese,

Attached please find a copy of a waiver request submitted by Avista Utilities of Spokane, WA seeking approval to waive a Portion of the requirements found in CFR title 49, Part 192.107(b) and, by reference, Part 192, Appendix B, Section II, Paragraph D in relation to test methodologies for determining the yield strength of pipe of unknown specifications.

The Gas Safety Section of the Oregon Public Utility Commission has reviewed Avista's request and supports the granting of a waiver from a portion of the requirements found in CFR title 49, Part 192.107(b) and by reference Part 192, Appendix B, Section II, Paragraph D in relation to test methodologies for determining the yield strength of pipe of unknown specifications.

Use of the alternative test method is in the interest of the public because it will allow Avista Utilities to determine the yield strength of these segments without taking the lines out of service or utilizing a bypass system by using an accepted and commonly used specimen removal technique. Further, the alternative test method will provide yield strength values that are likely to be conservative compared to full-size specimens. The alternative yield strength test method and the smaller specimens are therefore consistent with pipeline safety.

Also attached is a copy of the signed Oregon Public Utility Commission Order Number 12 460 accepting and granting the waiver dated November 27, 2012.

Please feel free to contact me if you or your staff has any questions, or would like to discuss this in more detail.

Sincerely,

Michael Thompson
Chief, Pipeline Safety
Oregon Public Utility Commission
550 Capitol Street NE,
Salem, OR 97301
503-378-6760
Michael.thompson@state.or.us

Jeffery D. Wiese
December 5, 2012
Page 2

Cc: w/attachments;

Chris Hoidal
Director, Western Region
PHMSA/OPS
12300 W. Dakota Ave. Suite 110
Lakewood, CO 80228

Zach Barrett
Director, State Programs
PHMSA Office of Pipeline Safety, PHP-50
U.S. Department of Transportation
1200 New Jersey Ave., SE
Washington, D.C. 20590

ORDER NO. 12 460

ENTERED NOV 27 2012

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1629

In the Matter of

AVISTA UTILITIES,

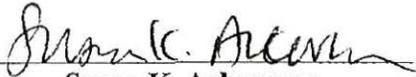
Request for a waiver of a portion of the requirements found in CFR title 49, Part 192.107(b).

ORDER

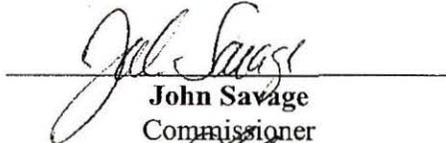
DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

This order memorializes our decision, made and effective at the Public Meeting on November 20, 2012, to adopt Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

Dated this 27th day of Nov., 2012, at Salem, Oregon.



Susan K. Ackerman
Chair



John Savage
Commissioner



Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

ITEM NO. CA6

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 20, 2012**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: November 7, 2012

TO: Public Utility Commission

FROM: Michael Thompson *MT*

THROUGH: Jason Eisdorfer *J* and Lori Koho *LK*

SUBJECT: AVISTA UTILITIES: (Docket No. UM 1629) Requests a waiver of a portion of the requirements found in CFR title 49, Part 192.107(b) and, by reference, Part 192, Appendix B, Section II, Paragraph D.

STAFF RECOMMENDATION:

Staff recommends that the Commission grant Avista a waiver to a portion of the requirements found in CFR title 49, Part 192.107(b) and, by reference, Part 192, Appendix B, Section II, Paragraph D.

DISCUSSION:

On September 20, 2012, Avista requested the Commission waive a portion of the requirements found in CFR title 49, Part 192.107(b) and, by reference, Part 192, Appendix B, Section II, Paragraph D, in relation to test methodologies for determining the yield strength of pipe of unknown specifications.

The company has requested a waiver to allow the use of an alternative yield strength test method. The alternative yield strength test method involves the use of a smaller pipe specimen that can be extracted from a pipe coupon, which can be removed through a hot tapping procedure without taking the line out of service or requiring a bypass system.

A copy of their request, including the technical justification and specific pipeline sections where the process is to be used, is attached (see Attachment A).

Staff has reviewed the technical information provided in the September 20, 2012, request by Avista (attached) and the findings from the Gas Technology Institute (GTI)

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FINAL REPORT - OTD Project No. 4.7.g/GTI Project No. 20568, "PHASE 2 – Establishment of Yield Strength Using Sub-size Samples without Gas Line Shutdown." Based on that review, Staff has concluded that allowing Avista Utilities to determine the yield strength of these segments without taking the lines out of service or utilizing a bypass system is of benefit to the public, and will provide yield strength values that are likely to be conservative compared to using full-size specimens. Staff also feels that the following specific conditions need to be included in the granting of this waiver.

1. The waiver granted at this time is specific to this application. (Avista must apply separately for each use of this procedure.)
2. The welding procedures to be used on the hot taps for these projects must be reviewed and approved by the OPUC Gas Safety Section prior to starting the projects.
3. The hot tap procedure to be used for these projects must be reviewed and approved by the OPUC Gas Safety Section prior to starting the projects.
4. Avista must notify the OPUC Gas Safety Section a minimum of two weeks in advance of using the procedure, or beginning of these projects.

Pursuant to 49 U.S.C. 60118(d), and in compliance with requirements of Section 3.2 of the Guidelines for States Participating in a 60105 Pipeline Safety Program with the Pipeline and Hazardous Materials Safety Administration (PHMSA), the Commission will provide PHMSA a copy of the Commission's order, the operator's request, and the justification for approving the waiver. If PHMSA does not object to the waiver, it will notify the Commission. The waiver is effective upon approval by PHMSA or if no action is taken by PHMSA 60 days after they receive the waiver from the Commission.

PROPOSED COMMISSION MOTION:

The Commission grant Avista a waiver from the requirements of 49 CFR 192.107(b) and, by reference, Part 192, Appendix B, Section II, Paragraph D, in relation to test methodologies for determining the yield strength of pipe of unknown specifications with the following agreement and information.

1. The waiver granted at this time is specific to this application. (Avista must apply separately for each use of this procedure.)

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November 7, 2012

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2. The welding procedures to be used on the hot taps for these projects must be reviewed and approved by the OPUC Gas Safety Section prior to starting the projects.
3. The hot tap procedure to be used for these projects must be reviewed and approved by the OPUC Gas Safety Section prior to starting the projects.
4. Avista must notify the OPUC Gas Safety Section a minimum of two weeks in advance of using the procedure, or beginning of these projects.

Avista Docket No. UM 1629