



PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

June 12, 2009

Mr. David Danner, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Drive SW
Olympia, Washington 98504-7250

Filed Electronically and via Overnight Mail

**Re: Petition of Puget Sound Energy, Inc. for an Amendment of
Order 3 in Docket Nos. PG-030080 and 030128
and Exemption from a Commission Rule**

Dear Mr. Danner:

Enclosed are an original and twelve copies of the Petition of Puget Sound Energy, Inc. ("PSE") For an Amendment of Order 3 and Exemption from a Commission Rule in the above-referenced Docket Nos.

This petition is being submitted via the Washington Utilities and Transportation Commission's Records Center Web Portal electronic-filing system and by overnight mail

If you have any questions regarding this filing, please contact me at (425) 462-3495.

Very truly yours,

Tom DeBoer
Director, Federal and State Regulatory Affairs

Enclosures

**BEFORE THE
WASHINGTON UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY, INC.

For an Order (1) Amending Order 03 and (2)
Granting an Exemption From the Provisions of
WAC 480-93-110(2).

DOCKET NOS. PG-030080

PG-030128

(consolidated)

PETITION OF
PUGET SOUND ENERGY, INC.
FOR AMENDMENT OF ORDER 03
AND EXEMPTION FROM A
COMMISSION RULE

I. INTRODUCTION

1. In accordance with WAC 480-07-370(b), Puget Sound Energy, Inc. ("PSE" or the "Company") respectfully petitions the Washington Utilities and Transportation Commission ("Commission") for an order amending Order 03 in this proceeding to extend deadline dates to complete work related to the Isolated Facilities Program addressed in the settlement agreement approved in Order 02 ("Settlement Agreement"). PSE also requests, pursuant to WAC 480-93-230 and 480-07-110, an order granting an exemption from the provisions of WAC 480-93-110(2).

2. PSE is requesting in this Petition that the Commission (1) amend Section 10 of Appendix B to Order 03 to reflect an extension of the completion date of the Isolated Facilities

PETITION - 1

Program, and (2) approve exemption from the provisions of WAC 480-93-110(2) as it relates to PSE in Docket Nos. PG-030080 and PG-030128 (*consolidated*).

3. PSE is engaged in the business of providing electric and gas service within the State of Washington as a public service company, and is subject to the regulatory authority of the Commission as to its retail rates, service, facilities and practices. Its full name and mailing address for purposes of this proceeding are:

Puget Sound Energy, Inc.
Attn: Duane A. Henderson
Director, Operations Services
P.O. Box 90868
Bellevue, Washington 98004-0868

4. Rules and statutes that may be brought at issue in this Petition include RCW 80.01.040, WAC 480-07-370(b), WAC 480-93-110(2), WAC 480-93-230, and WAC 480-07-110.

II. BACKGROUND

5. Docket Nos. PG-030080 and PG-030128 involve a complaint alleging that PSE failed to comply with and violated federal and state pipeline safety regulations and rules and orders of the Commission.

6. On January 19, 2005, PSE and Commission Staff filed a settlement agreement for the purpose of resolving all issues raised in the Complaint ("Settlement Agreement"). On January 31, 2005, the Commission entered Order 02—Order Sustaining Complaint; Approving and Adopting Settlement Agreement.

7. PSE and Staff subsequently filed a Joint Motion to Amend Order 02 to modify deadline dates for certain specific PSE reports required under that order. On April 25, 2006, the Commission entered Order 03—Order Amending Order 02, granting the Joint Motion. Appendix B and Appendix C to Order 03 reflect the revised reporting dates.

8. Pursuant to the Settlement Agreement, PSE embarked on an Isolated Facilities Program. Through this program, the Company identifies short segments of cathodically protected steel pipe (and develops a means to identify other segments as they are installed) to ensure that maintenance and inspection occur as required. To date, the Company has completed 98% of the original Isolated Facilities Program. The terms of the Isolated Facilities Program are contained in Appendix B to Order 03. Section 10 of Appendix B to Order 03 states that the Isolated Facilities Program shall be completed no later than July 1, 2009.

III. PROPOSED AMENDMENTS AND EXEMPTION

A. Extension of Time to Complete Isolated Facilities Program

9. As provided in PSE's reports to the Commission regarding the Isolated Facilities Program, PSE has and continues to exert significant time and resources in (1) determining the location of isolated facilities among over 735,000 services and tens of thousands of other critical facilities and (2) performing appropriate remediation when PSE finds facilities to be isolated from corrosion protection systems.

10. However, PSE did not anticipate the full number of facilities affected or the complexity of some necessary remediation projects. In addition, through its quality assurance efforts over the past year, PSE unearthed additional facilities not anticipated in the original estimate of work. Additional work PSE discovered includes the following:

- highly complex service installations in areas where remediation requires extensive engineering, planning, permitting and municipal approvals;
- risers and extended utility facilities where little or no information existed on internal data sources;
- much higher than anticipated service casing population;
- highly complex railway and highway casings, in which significant research and remediation efforts are required;
- a higher than estimated population of combination services;
- mapping and data corrections, which are a vital supporting requirement to ensure that noted remedial actions are documented;
- mobile home park buried fuel lines, which PSE did not originally include within the scope of this program, were recently added after discussion with Commission Staff, and
- recent discoveries of above-ground regulators and sidewalk regulators (March and January 2009, respectively) where piping downstream of the regulator should be considered an isolated facility.

11. Accordingly, PSE proposes to amend Section 10 of Appendix B to Order 03 to extend the completion date for the Isolated Facilities Program to December 31, 2010 for eleven work elements and to December 31, 2014 for three work elements. Section 10.1 of Appendix B currently states, "In no event will the program be completed later than July 1, 2009." PSE proposes to replace that current language with the following language:

10.1 PSE will complete the following work elements by December 31, 2010:

1.1 Riser Inspections including EUF's and Unmetered Risers

1.2 Mains

1.3 Casings

1.3.1 Railroad and Highway Casings

1.4 Stubs

1.5 Quality Controls

1.6 Combination Services:

1.6.1 With steel installed between 1956 and 1970

1.6.2 With Test Sites installed after 1971

1.7 Mapping Corrections

2.2 Above Ground Regulators (Service Piping Downstream of Regulators) – Phase 1

PSE will complete the following work elements by December 31, 2014:

1.3.2 Service Casings

2.1 Mobile Home Parks Buried Fuel Lines

2.3 Sidewalk Regulators (Service Piping Downstream of Regulators)

12. Exhibit A to this Petition, attached hereto, revises Appendix B to Order 03 accordingly. As a courtesy, attached hereto, PSE is providing a clean version of Exhibit A, entitled Exhibit A-1. Exhibit B to this Petition, attached hereto, provides a status report of current work and details elements of the Isolated Facilities Program pending as of May 2009. The extensive amount of work completed to date by category of facility (*e.g.*, riser inspections, mains, casings) and task are shown by “number” and “percent” completed columns in each table of Exhibit B.

B. Exemption from Provisions of WAC 480-93-110(2)

13. PSE also requests an exemption from the provisions of WAC 480-93-110(2) as this rule relates to completion of certain work prescribed in the Settlement Agreement. WAC 480-93-110(2) states that PSE must complete remedial action within ninety days to correct any cathodic protection deficiencies known and indicated by any test, survey, or inspection. As explained above and in Exhibit B, PSE is unable to remediate a number of isolated facilities within this 90-day period due to the volume and complexity of the work and difficult local permitting requirements. Accordingly, PSE proposes that the Commission grant PSE an exemption from WAC 480-93-110(2) as allowed by WAC 480-93-230 and 480-07-110.

14. “The commission may grant an exemption from or modify the application of its rules in individual cases if consistent with the public interest, the purposes underlying regulation, and applicable statutes.” WAC 480-07-110. In considering whether the Company’s request for exemption is in the public interest, the Commission may consider whether application of the rule would impose undue hardship on PSE, of a degree or a kind different from hardships imposed on other similarly situated persons, and whether the effect of applying the rule would be contrary to the underlying purposes of the rule. *See* WAC 480-07-110(2)(c).

15. As stated above and in Exhibit B, new work recently identified by PSE includes extensive and complex remediation. PSE worked cooperatively and in good faith with Commission Staff to develop the Isolated Facilities Program as a means of identifying and correcting isolated facilities. PSE has also worked cooperatively and openly with Commission Staff in an effort to ensure the greatest number of isolated facilities are identified and mitigated. To this end, PSE has identified certain elements that expand the scope of work anticipated by

either party when the Settlement Agreement was drafted over four years ago. Furthermore, PSE and Commission Staff have agreed that during the initial assessment of this expanded scope of work, cathodic protection readings should be taken to better determine the appropriate course of action. However, by taking these readings, PSE may be placed in a position that it cannot complete the required associated activities within the time required by WAC 480-93-110(2).

16. Applying the rule to PSE regarding this additional work would impose undue hardship to PSE because such work is numerous and complex, and cannot reasonably be completed in the time frame originally anticipated. To impose the rule on PSE regarding this work would contradict the underlying purpose of the Isolated Facilities Program and the spirit of the Settlement Agreement. Further, applying the rule in this situation would be contrary to the public interest because it would act to restrict, rather than encourage, thorough investigation and careful remediation, which ultimately increases public safety.


17. The Company proposes to mitigate risk resulting from this exemption and maintain an equal or greater level of safety by conducting a leak survey twice each year at locations where PSE either (1) has not performed a cathodic protection assessment or (2) where a reading has been established and is verified to be below the requirement established in WAC 480-93-110(1). PSE only requests exemption from WAC 480-93-110(2) for the following categories of facilities, which are detailed in Exhibit B, attached hereto: (1) mobile home park extended service, (2) above-ground regulators (service piping downstream of regulators) and (3) sidewalk regulators (service piping downstream of regulators). In addition to the leak surveys,

PSE will also use the information gathered through the assessment process to prioritize the order in which PSE will remediate those locations.

IV. PRAYER FOR RELIEF

18. PSE has worked diligently to complete 98% of the work called for through the Isolated Facilities Program, which was one portion of the Settlement Agreement in this proceeding. Through the Company's thorough investigations and remediation efforts, it has identified isolated facilities that require more time to remediate than the time allotted in the Settlement Agreement in this proceeding. Accordingly, PSE requests additional time to complete the Isolated Facilities Program. Based on the foregoing, PSE respectfully requests that the Commission issue an order in the form attached as Exhibit C.

DATED this 12 day of June 2009.

By 
Duane A. Henderson Director, Operations
Services, Puget Sound Energy, Inc.

