

Isolated Facilities Program Status Report & Itemized Extension List
Settlement Docket numbers PG-030080 & PG-030128

SUPPORTING ACTIVITIES

1) Quality Assurance

- i) Through PSE's quality assurance methods, PSE thoroughly researches and uses every means at its disposal to locate, remediate and correctly document all isolated facilities. This effort includes cross referencing active and legacy data bases, as well as reviewing activities performed in other compliance related programs. As an example, PSE recently discovered what appears to be a discrepancy between the critical bond data base and cathodic protection map overlay when compared to the data provided by the Isolated Facilities Field Assessment Team. While the discrepancy is quite small, PSE felt it prudent to research the discrepancy further. This effort has been formalized into what is referenced below in Section 1.5 - Mapping Unplatted STW Services.
- ii) Another example of PSE's application of quality assurance methods is related to an activity recently brought to the Company's attention through the findings of a Commission audit of Thurston and Lewis County. While performing data base and field assessments to locate district regulators that PSE may not have been previously aware of, PSE discovered additional locations of possible isolated facilities. These have been identified herein as Sections 2.2 Above Ground Regulators (Service Piping Downstream of Regulators) and 2.3 Sidewalk Regulators (Service Piping Downstream of Regulators). Because PSE discovered these isolated facilities recently and was not aware of them when the Settlement Agreement and deadlines were negotiated, PSE cannot complete the required associated activities by June 30, 2009. If the Commission grants PSE's request for an extension, PSE will continue its Quality Assurance activities throughout the extension period. While no further discoveries of isolated facilities are anticipated, PSE has noted a provision within the Isolated Facilities Program Extension document for cases where, if found, PSE will openly discuss its findings and proposals for remediation with Commission Staff.

2) Safety

- i) As operators of Washington's largest gas pipeline system, PSE's primary concern has and continues to be that it maintains its system in a safe and prudent manner. In those areas where PSE requires additional time to fully resolve and/or remediate the isolated facility locations referenced later in this document, PSE proposes to conduct additional leak surveys beyond what is required by the applicable state and federal regulations. For example, on items 2.2 Above Ground Regulators (Service Piping Downstream of

Regulators) and 2.3 Sidewalk Regulators (Service Piping Downstream of Regulators), the applicable federal and state code requires annual leak surveys in the areas that these facilities are located. PSE proposes to perform a leak survey twice annually until such time as these installations are remediated. The specific details of the proposed increased leak surveys are described below.

3) Scope

- i) To the extent practical, PSE has modeled the same methods applied in the original Isolated Facilities Program document (Appendix D to the Settlement Agreement) to the revised Isolated Facilities Program (Extension – 2009) document (Exhibit A). Included in the revised document are modifications that reflect those items specifically related to the requested extension. For instance, PSE has
 - (a) assigned responsibilities for each of the extension items,
 - (b) restated that Quality Assurance processes will be applied to this program,
 - (c) that applicable records will be updated and maintained,
 - (d) that reporting shall continue to be made on an annual basis and
 - (e) a provided schedule, which outlines each extended item and the related process to complete the effort as well as the scheduled completion date.
- ii) In addition to those items listed to be within the scope of the Isolated Facilities Program, Section 3.5, "Identification of Additional Isolated Facilities" has been added. As PSE completes the extended tasks, PSE intends to continue to perform quality assurance activities. Additionally, PSE will continue to update Commission Staff regarding the Company's progress on completing these activities.

4) Timing

- i) When the Settlement Agreement was executed, PSE committed to completing the entire scope of the Isolated Facilities Program by June 30, 2009. Many factors have arisen and have made it necessary to request an extension of time to complete the Program. PSE remains committed to completing the Isolated Facilities Program in the timeframes described herein. PSE has diligently worked to validate the scope of the effort required, both internally and with its service providers. With one exception, PSE is confident that the extension request dates are appropriate. There remains some uncertainty around item 2.2 Above Ground Regulators (Service Piping Downstream of Regulators). This population of 888 candidates is very early in development, and little is known to date as to the full extent of this effort. PSE expects that this population will require extensive planning, engineering, municipal discussions and negotiations to complete the remediation. PSE is proposing to perform a detailed assessment throughout 2010, and, at that

time, the Company would present a full remediation plan and schedule to Commission Staff for its approval.

5) Program Efficiency and Community Benefit

- i) With the discovery of additional isolated facilities not originally anticipated and in conjunction with this request for an extension, PSE is looking closely at opportunities for efficiencies with other ongoing efforts being performed by the Company. One such opportunity is related to the effort to remediate the estimated population of 500 extended service lines in Mobile Home Communities (2.1 Mobile Home Parks Extended Service Lines). PSE is currently engaged in a program to resolve natural gas main encroachments and operating rights deficiencies in Mobile Home Park Communities (MHPC). Rather than embark on a separate remediation project to correct identified isolated facilities, PSE has the opportunity to remediate Extended Service Lines issues at the same time that main lines are relocated. A second program of replacement of Extended Service Lines, where encroachments are not an issue, will be managed separately. Thus, PSE will complete the remediation effort in two different paths, providing an efficiency opportunity as well as improved customer experience, by only requiring a single visit and customer outage.
- i) Another example of an opportunity is related to 1.3.2 Service Casings. PSE has compared the population of services with casings with those services being replaced with the Wrapped Steel Service Assessment Program and the Bare Steel Replacement Program. PSE has determined that a number of these installations will be remediated through the aforementioned programs. This offers PSE another opportunity to be efficient in its activities.

Note: Progress through May 20, 2009

1.1 Riser Inspections (including EUF's and meter less risers)					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Initial Riser Inspections (Total number of risers inspected company wide)	735,473	100%	0	No	12/31/2010
Plat review (Total number identified from initial inspection that needed to be reviewed by MRT)	204,488	100.0%	0	No	
Follow-up inspection (Total number of risers identified from Plat review that needed additional field inspection)	40,213	95%	2,333*	Yes	
Resolved (Total number of risers identified from follow-up inspection that needed to be remediated)	17,399	88%	2,356**	Yes	
* This number will vary depending on the result of records review.					
** This number will vary depending on the result of field inspection.					

1.1 Riser Inspections:

Throughout the Isolated Facilities Program, PSE anticipated certain populations of candidate isolated facilities and managed to these factors in a prudent manner. The over 735,000 completed riser inspections provide an example of the sheer magnitude of the effort. Over the course of the past year, PSE developed different ways to examine our internal processes and data systems. What we discovered was that there were a significant number of Extended Utility Facilities and/or meter less risers that were either not located in the field inspection effort or that were identified through various data base extractions. In total, over 34,000 discrepancies were identified requiring further research. This effort would include performing additional data and plat reviews. While this work continues, PSE recognizes that this effort is significant and cannot be completed by June 30, 2009. PSE believes that this effort can be completed by December 31, 2010.

1.2 Mains					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Plat Review (Total number of locations identified from Plat review)	1,392	100%	0	No	12/31/2010
Data Review (Total number identified from the Plat review were then reviewed by a combination of data sources)	1,392	100%	0	No	
Resolved (Total number of segments remediated or otherwise ruled-out by SC&P)	1,385	99%	7	Yes	

1.2 Mains:

As demonstrated above, PSE has been successful in thoroughly reviewing all of its available sources of data and plats in order to complete this task. In addition, 99% have been resolved. The remaining 1% is extremely difficult to resolve given their location and proximity to other underground facilities. PSE has determined that the best course of action is to replace the sections of main identified. Permitting and other construction related issues have impacted our ability to complete the projects by June 30, 2009 on the remaining 1% (7). PSE is performing a Leak Survey annually on these areas until such time that these locations are resolved and feels confident that this can be accomplished by December 31, 2010.

1.3 Casings					
1.3.1 Railroad and Highway Casings					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Plat Review (Total number of locations identified from Plat review)	144	100%	0	No	12/31/2010
Data Review (Total number identified from the Plat review were then reviewed by a combination of data sources)	144	100%	0	No	
Resolved (Total number of segments remediated or otherwise ruled-out by SC&P)	138	96%	6	Yes	

1.3.1 Railroad and Highway Casings:

As demonstrated above, PSE has been successful in thoroughly reviewing all of its available sources of data and plats in order to complete this task. 96% have been resolved leaving the remaining 4% as extremely difficult to resolve given there location and proximity in areas difficult to access. Additionally, permitting and other construction related issues further complicate the resolution of these locations. PSE will be performing a Leak Survey annually until such time that these locations are resolved. PSE feels confident that the remaining 6 locations will be resolved by 12/31/2010.

1.3.2 Service Casings					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Records Review (Total number identified)	5,730*	100%	0	No	12/31/2014
Resolved (Total number of segments remediated or otherwise ruled-out by SC&P)	0	0%	3,200	Yes	
The service casing works are being processed in conjunction with WSSAP and Bare Steel programs.					
* A total of 5730 items will be remediated through the WSSAP, Bare Steel and IF programs: WSSAP - 2200, Bare Steel - 330, IF - 3200					

1.3.2 Service Casings:

During the original Isolated Facilities Program development, PSE anticipated that the scope of the item noted as 'Identify cathodically protected steel inserted in casings' was related to Mains only. Over the course of the last year, PSE identified a population of services in casings. PSE has completed an extensive records review of available data in an effort to validate the population of candidate services. As noted above 5730 have been identified. Further analysis of this population has revealed that portions of this number are candidates within other WUTC approved programs. The Wrapped Steel Service Assessment Program has identified 2200 and

another 330 have been identified within the Bare Steel Replacement Program. This leaves 3200 to be resolved through the Isolated Facilities Program. (Please Note: further data and updates will be provided to UTC Staff to ensure that the WSSAP Program and the Bare Steel Replacement Program accurately identify these additional candidates and provide regular updates as stipulated in their respective agreements.)

In addition, PSE will perform annual leak surveying at the 3200 locations until such time that PSE has completed their remediation.

The significance of this population is that replacing 3200 will require considerable effort on top of that already required for service replacements associated with the Wrapped Steel and Bare Steel programs. PSE requests to extend this portion of effort to December 31, 2014 to better coordinate with the other replacement efforts.

1.4 Stubs					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Plat Review (Total number of locations identified from Plat review)	589	100%	0	No	12/31/2010
Data Review (Total number identified from the Plat review were then reviewed by a combination of data sources)	589	100%	0	No	
Resolved (Total number of segments ruled-out by SC&P & MRT)	561	95%	28	Yes	

1.4 Stubs:

PSE has resolved the majority of the candidates as noted. The remaining 6% (36) are actively being resolved. Construction issues (i.e., permitting, etc.) complicate completing this population by June 30, 2009. PSE does not anticipate any issues in resolving the remaining stubs by December 31, 2010.

1.5 Quality Control					
<i>Mapping (Unplatted STW Services)*</i>					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Data Review (Total number identified from IGF data)	1,192	100%	0	No	12/31/2010
Records Review (Total number identified form records review)	0	0%	1,192	Yes	
Follow-up inspection (Total number of services identified from records review that needed additional field inspection)	0	0%	TBD	Yes	
Resolved (Total number of sampling segments remediated)	0	0%	TBD	Yes	
*Unplatted STW services that were identified from IGF database.					

1.5 Quality Control - Mapping Unplatted STW Services:

PSE has and continues to regularly and systematically perform quality control on all aspects of the Isolated Facilities Program elements. One such Quality Control effort is related to ensuring that data base and plat map integrity is maintained among this and other WUTC approved programs. (*i.e.*, WSSAP, Bare Steel Replacement Program, Critical Bond Program, etc.). Recently PSE discovered a small discrepancy while performing this quality process. This resulted in the development of the 'Mapping Unplatted STW Services' effort. This may require a review of up to all four of the items listed in the table. The initial data review and population validation work effort is complete. The records review step will validate what population will require follow up field inspection. Based on performing a small sampling it is assumed that the number requiring both field inspections and resolution through remediation will be limited to a number considerably less than 1192. . PSE has thoroughly reviewed the scope of this effort and based on what is currently known is confident it can complete this task by December 31, 2010.

1.6 Combination Services					
1.6.1 With Steel Installed between 1956 and 1970					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Records Review (Total number identified and reviewed)	11	2%	707	Yes	12/31/2010
Resolved (Total number remediated)	0	0%	25*	Yes	
* This number will vary depending on records review results					
1.6.2 With Test Sites Installed after 1971					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Records Review (Total number identified and reviewed)	1,532	84%	301	No	12/31/2010
Resolved (Total number remediated)	1,478	81%	54*	Yes	
* This number will vary depending on records review results					

1.6 Combination Services (include 1.6.1 and 1.6.2):

Both categories listed are interrelated and are separated only by the installation service date. This effort is necessitated through PSE's desire to ensure a thorough review of all possible installation and service alteration practices and their application to the installation of cathodic protection test sites. While very rare to date, PSE has discovered that there may be a small number of services that have been insulated upstream of the test site. It is anticipated that a yet to be determined number, have been identified as part of the WSSAP program (pre-1971 services) and will be remediated through that effort. Records review is required to validate this assumption and to validate the same on post 1971 services. Those not part of WSSAP will be remediated accordingly. PSE has thoroughly reviewed the scope of this effort and based on what is currently known is confident it can complete this task by December 31, 2010.

1.7 Mapping Correction					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Mapping Correction (Total numbers being revised)	In progress	N/A	4,000*	Yes	12/31/2010
<p>* This number will increase as completing field remediation works which are scheduled to complete by 12/31/2010.</p> <p>This work element will be completed in two phases:</p> <ul style="list-style-type: none"> - Phase 1: Complete mapping corrections on the works that are scheduled to complete by 12/31/2010. - Phase 2: Complete mapping corrections on the works that are scheduled to complete by 12/31/2014. 					

1.7 Mapping Correction (Phase 1 and 2):

The Isolated Facilities Program scope requires that all applicable changes discovered through the data and plat review, as well as any field changes made through the course of remediation, be appropriately documented, recorded and platted (as applicable). This request for an extension thus includes updating and correcting mapping. Currently 4000 updates are required and PSE is confident that these will be completed by 12/31/2010. Further, as additional changes are received through the other efforts which are extended through to December 31, 2014, PSE's mapping group will continue to update as required and thus it is appropriate that the extension requests are aligned accordingly.

2.1 Mobile Home Parks Extended Service Lines (ESL)					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Records Review (Total numbers of Parks identified/located)	176 parks	100%	0	No	12/31/2014
Initial Field Assessment (Total numbers of ESL's identified)	500*	100%	0	No	
Follow-up Field Inspection (Total number fully inspected/evaluated)	0	0%	500	Yes	
Resolved (Total numbers remediated)	0	0%	Unknown	Yes	
The remediation work will be completed in conjunction with the PSE's ongoing Mobile Home Encroachment Program which is scheduled to complete in 2014.					
* This number is estimated and may vary depending on full assessment results.					

2.1 Mobile Home Parks Extended Service Lines (ESL): *(Note: This item was neither explicitly nor implicitly anticipated to be within the original scope of Isolated Facilities)*

PSE has worked closely with WUTC Staff in discussing various past service installations practices. PSE and Staff recently agreed that piping between the meter and the mobile home structure was the responsibility of PSE (PSE past practices and corresponding standards documented this installation practice). While the term EUF was not originally intended to be applied in these applications, PSE and Staff agreed that the application of piping downstream of a meter set assembly where the meter is located remotely from the actual living structure will be considered an Extended Service Line (ESL). PSE has performed an analysis of results reported by the Isolated Facilities field team and has performed a field sample in 8 of the 176 Mobile Home Communities. The findings suggest the candidate population to be approximately 500. PSE will complete the remediation effort in two different paths. The first will be remediated through the Mobile Home Encroachment Program. The scope of this program is to resolve natural gas main encroachments and operating rights deficiencies in Mobile Home Park Communities (MHPC). As these encroachments are remediated PSE will also address ESL issues at the same time. For those communities not affected by the Mobile Home Encroachment Program, PSE will plan the resolution of those services as a separate project. PSE's preferred method of resolving ESL's is to relocate the meter to a location which corresponds to current PSE Standards, namely next to the structure. PSE has thoroughly reviewed the scope of this effort and based on what is currently known is confident it can complete this task by December 31, 2014.

PSE proposes to exceed its current regulatory requirement of leak surveying every three years at these locations and to perform leak survey inspections of each location annually until such time that PSE has either eliminated or resolved any potential issue with cathodic inspection or atmospheric corrosion. (See: petition to waive the WAC 90 day Rule on low cathodic protection remediation.)

2.2 Above Ground Regulators (Service Piping Downstream of Regulators)					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Initial Candidates (Total numbers extracted from data base and identified)	888	N/A	N/A	N/A	12/31/2010 Phase 1
Records Review (Total numbers reviewed for field inspections)	0	0%	888	Yes	
Initial Field Assessment	0	0%	Unknown	Yes	
Resolved (Total numbers remediated)	0	0%	Unknown	Yes	
This work was discovered during the Sidewalk Regulators assessment.					

2.2 Above Ground Regulators (Service Piping Downstream of Regulators):

PSE had not previously identified Service Piping Downstream of Regulators as an isolated facility and thus did not anticipate this piping within the original scope of the Isolated Facilities Program. Through a data extraction process, PSE has identified 888 candidate locations where piping downstream of the regulator could be isolated from the cathodically protected system. As this is a recent discovery, PSE has yet to determine the extent of the work effort required to complete this portion of the Program. PSE proposes that further investigation is required before it can commit to a date for resolution. This investigation would include, but not be limited to, visiting each site, performing an initial evaluation, including taking Pipe-to-Soil Potential (PSP) reads, atmospheric corrosion assessments and noting any other pertinent information helpful in planning for full remediation. PSE proposes that this Phase 1 assessment process will require 18 months (December 31, 2010). At that time PSE will report to Staff the findings and submit a full proposal and schedule for remediation.

PSE proposes to exceed its current regulatory requirement of annual leak survey at these locations and to perform leak survey inspections of each location twice annually until such time that PSE has either eliminated or resolved any potential issue with cathodic protection or atmospheric corrosion. (See: petition to waive the WAC 90 day Rule on low cathodic protection remediation)

2.3 Sidewalk Regulators (Service Piping Downstream of Regulators)					
	Number Completed	Percent Completed	Estimated Remaining Total	Extension Required	Proposed Completion Date
Initial Candidates (Total numbers extracted from data base)	750	N/A	N/A	N/A	12/31/2014
Preliminary Review (Total numbers that are identified from records review)	609	N/A	N/A	N/A	
Second Review (Total numbers identified/located for field inspections. Duplicates were identified and eliminated)	192	100%	0	No	
Initial Field Assessment (Total numbers of Inadequate CP services identified and inspected)	95	100%	0	Yes	
Resolved (Total numbers remediated)	46*	49%	49	Yes	
This work was discovered during the Sidewalk Regulators assessment.					
* 5 locations were remediated completely. The other 41 locations were provisionally remediated and will be completely remediated through a developed plan prior to the other 49 locations.					

2.3 Sidewalk Regulators (Service Piping Downstream of Regulators):

PSE had not previously identified Service Piping Downstream of Regulators as an isolated facility and thus did not anticipate this piping within the original scope of the Isolated Facilities Program. Through a recent effort of identifying District Regulators requiring maintenance, PSE identified 750 possible candidate locations (Service Piping Downstream of Regulators) through a data extraction process. A preliminary records review was conducted which pared this number down to 609 candidate installations. A second and more thorough office review was conducted which resulted in 192 candidates for field review. From the 192 reviewed in the field, 95 were identified to be Sidewalk Regulators. These 95 were checked for atmospheric corrosion and for cathodic protection. 5 have been completely remediated through replacement of the service while another 41 were provisionally remediated by installing an anode. The remaining 49 could not be protected as required. PSE proposes to remediate the 49 which will likely be accomplished through replacement of the service. Secondly, the 41 provisionally remediated will also likely be replaced. It is important to note that these locations are extremely difficult to access and resolve. Permitting and other construction related issues (example: Municipal bylaws becoming very restrictive for access and in some cases cost prohibitive) further complicate their resolution. PSE has thoroughly reviewed the scope of this effort and based on what is currently known is confident it can complete this task by December 31, 2014.

PSE proposes to perform leak survey inspections of each location twice annually until such time that PSE has either eliminated or resolved any potential issue with cathodic protection or atmospheric corrosion. (See: petition to waive the WAC 90 day Rule on low cathodic protection remediation.)