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Submitted via
Electronic Filing to Records@wutc.wa.gov

Mr. David W. Danner
Executive Director & Secretary
Washington Utilities & Transportation
Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, Washington 98504-7250

**RE: Puget Sound Energy, Inc.'s Tariff Filing for Pipeline Integrity Program,
Docket No. UG-110723 (June 30, 2011 Agenda Item A3), Northwest
Industrial Gas Users' Comments in Support of Tariff Suspension**

Dear Mr. Danner:

In response to Puget Sound Energy, Inc.'s ("PSE") April 26, 2011 tariff filing for a pipeline integrity program ("PIP"), the Northwest Industrial Gas Users ("NWIGU") hereby submits its comments supporting the Staff's recommendation that PSE's PIP tariff filing in this docket be suspended and submits its request for service list inclusion.

NWIGU is a non-profit association comprised of thirty-eight large volume end-users of natural gas with major facilities in the states of Washington, Oregon and Idaho. NWIGU members cover diverse industrial interests, including food processing, pulp and paper, aluminum, wood products, steel, chemicals, electronics, electric generation and aerospace, and includes members with both sales and transportation service from PSE. The association provides an informational service to its members and participates in various regulatory matters that affect member interests, including proceedings before the Federal Energy Regulatory Commission and the Washington Utilities and Transportation Commission ("WUTC" or "Commission").

NWIGU requests that the Commission suspend PSE's PIP tariff filing in this docket as recommended by Staff. NWIGU supports appropriate, prudent expenditures for public safety made by regional utilities like PSE to comply with federal and state regulatory requirements. However, like Staff, NWIGU also has concerns with the proposed rate making and accounting treatment contained in PSE's filing, as well as its relationship with PSE's just filed general rate case in Docket UG-111049 and previously approved Commission orders governing two of the

programs (i.e., bare steel services and mains in Docket PG-030080 and wrapped steel services in Docket PG-041624). Staff's memorandum notes that it is still discussing acceptable alternative approaches with PSE.

Given the magnitude of the PIP as a proposed single-issue ratemaking with an open-ended tariff filing, NWIGU believes that PSE, Staff, Public Counsel, NWIGU and any other interested parties must all discuss acceptable alternative approaches. NWIGU has supported other pipeline integrity trackers that have been recovered on a cost-of-service basis outside of a rate case in other jurisdictions, but they have had elements not present in PSE's PIP filing, e.g., a cap on total yearly expenditures, a sunset date to the integrity tracker program expressly tied to a general rate case moratorium, express offsets for O&M in Distribution Integrity Management damage prevention as well as capital cost exclusions.

While PSE's identified plans to replace facilities in the four programs may be appropriate to fulfill its public safety obligations, these particular public safety requirements are not new. Bare steel and wrapped steel services are programs underway subject to Commission orders since 2005 and 2006. The wrapped steel mains and replacement of older, high density polyethylene pipe were initiated in 2010. Moreover, from a federal Distribution Integrity Management Program ("DIMP") perspective, the new federal regulations were final December 4, 2010 from the Pipeline and Hazardous Materials Safety Administration (having been the subject of a Notice of Proposed Rulemaking since June 2008). It is NWIGU's understanding that PSE as a natural gas local distribution company must meet an August 2, 2011 DIMP implementation, but PSE's filing does not address this relationship with its DIMP implementation plan other than to say that its filing is consistent with the current DIMP.

PSE's filing and customer notice focuses on a PSE concern with alleged regulatory lag for recovery of its program expenditures, but its customers have already been subject to a significant rate increase filing effective April 1, 2011 and another general rate case is now pending. There is certainly no lag in their rate increase impacts to customers.

With this docket's suspension, NWIGU also requests that the Commission include NWIGU on the distribution list for service in this docket as follows:

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NWIGU members are wholly aligned on a shared goal of public safety with PSE, the Staff, Public Counsel and the Commission. This PIP filing and its context with a new general rate case pending are not, however, appropriately structured to protect ratepayers' best interests. Accordingly NWIGU urges the Commission to suspend the filing.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Tommy Brooks', with a long horizontal flourish extending to the right.

Tommy Brooks

cc via e-mail:

P. Pyron
Tom DeBoer
Simon ffitch
Stefanie Johnson
Roland Martin
Mike Parvinen
Sheree Strom Carson