

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY's

2017 Pipe Replacement Program Plan

DOCKET PG-170693

ORDER 01

ORDER APPROVING PUGET SOUND
ENERGY'S 2017 PIPE REPLACEMENT
PROGRAM PLAN

BACKGROUND

- 1* On December 31, 2012, the Utilities and Transportation Commission (Commission) issued its Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk (Policy Statement).¹ As required by the Policy Statement, each investor-owned gas pipeline utility company filed a Master Plan for replacing pipe with an elevated risk of failure in 2013.
- 2* The Policy Statement also requires each investor-owned gas pipeline utility company to file a pipeline replacement plan (PRP) every two years for replacing pipe that represents an elevated risk of failure, beginning June 1, 2013.² Each company's PRP must include:
- 1) a Master Plan for replacing all facilities with an elevated risk of failure;
 - 2) a Two-Year Plan that specifically identifies the pipe replacement program goals for the upcoming two year period; and, if applicable,
 - 3) a Pipe Location Plan for identifying the location of pipe or facilities that present an elevated risk of failure.

Each PRP must also: (1) target pipe or facilities that pose an elevated risk of failure; (2) be a measured and reasonable response in relation to the elevated risk without unduly burdening ratepayers, and (3) be in the public interest. Finally, each PRP should contain a

¹ Docket UG-120715 (December 31, 2012).

² *Id.* ¶ 43. Subsequent PRP filings should be filed by June 1 every two years thereafter (*i.e.*, June 1, 2015, 2017, 2019, etc.).

section analyzing its impact on rates. Companies seeking to recover costs must simultaneously file a proposed Cost Recovery Mechanism (CRM) with their PRP.

3 On June 1, 2017, Puget Sound Energy (PSE or Company) filed with the Commission an
“Updated Pipeline Replacement Plan” for 2017 (2017 Two-Year Plan).

4 Consistent with the Commission’s policy statement, PSE filed a proposed CRM with its
2017 Two-Year Plan in Docket UG-170692.

5 PSE’s 2017 Two-Year Plan contains a Master Plan, a Two-Year Plan, and a Pipe
Identification (Location) Plan for each of the components in the replacement program.

6 PSE’s 2017 Two-Year Plan addresses the following types of facilities that have an
elevated risk of failure in Washington: Larger diameter (> 1-1/4”) Aldyl “HD”
polyethylene pipe³; older vintage Steel Wrapped Mains⁴; older vintage Steel Wrapped
Services⁵; and sewer cross bore trends.⁶

7 PSE implemented a Pipe Identification Plan in 2013, which is designed to locate older
Aldyl “HD” (Aldyl) polyethylene pipe. This pipe is prone to “brittle-like cracking” due to
slow crack growth and failure, resulting from secondary loads such as rock impingement
or squeeze-off.⁷ The Company’s 2017 Two-Year Plan includes plans to replace
approximately 245 miles of larger diameter DuPont Aldyl “HD” plastic pipe within the
first 10 years of the 20-year plan beginning in 2013. The pipe replacement in the first 10
years targets the population with a history of brittle-like cracking and fusion failures. The
miles of pipe planned for replacement and the replacement schedule were updated from

³ PSE DIMP, Appendix F-3, Section 1 - DuPont ALDYL “HD” Plastic Pipe.

⁴ PSE DIMP, Appendix F-2, Section 1, Wrapped Steel Mains. PSE’s DIMP identifies an increased risk of leakage on some older steel wrapped mains. The risk is due to a combination of factors, including corrosion, existing third party damage to the pipe coating, welds, and equipment including vintage valves. These mains are replaced based on past leak history, and PSE expects to replace approximately 20 miles of steel wrapped main with a completion date of 2018.

⁵ PSE’s 2017 PRP plan, Older Wrapped Steel Services, Section 6. PSE is addressing these services under a settlement agreement approved by the Commission in Docket PG-041624, the Wrapped Steel Service Assessment Program (WSSAP). PSE has identified and located all services that are targeted under the WSSAP program. Based on current risk knowledge, PSE is targeting to replace approximately 200 services in 2017.

⁶ PSE 2016 Continuing Surveillance Annual Report, Pg. 61

⁷ PE pipe is designed to be squeezed shut with a mechanical device during operations, maintenance and emergency response.

190 miles and 8 years, respectively, based on new risk knowledge acquired since 2015.⁸ By 2022, the Master Plan will be reviewed to determine the appropriate replacement schedule for the remaining pipe in service.

8 PSE commits that at the end of 2017, the Master Plan for replacing older vintage wrapped steel mains and services with an elevated risk of failure will be complete, but the Company will continue to monitor data and trends to determine if the remaining wrapped steel without an elevated risk of failure needs to be included in future PRPs.⁹

9 Sewer cross bores are also being identified through the use of PSE's public awareness program and a service provider to perform physical inspections of post-construction sewer inspections near new gas trenchless installations, and sewers near legacy gas trenchless installations. The awareness program targets plumbers, other utility contractors, municipalities, and customers to call PSE before clearing a blocked sewer. There are approximately 200,000 parcels to inspect for potential sewer cross bores.

10 Staff concludes that the 2017 Two-Year Plan, analyzed in conjunction with PSE's Distribution Integrity Management Plan (DIMP), is measured, and its continuation is a reasonable response in relation to the elevated risks identified. PSE's 2017 Two-Year Plan adequately addresses facilities with an elevated risk of failure. Staff has previously audited PSE's DIMP and found that it addresses all known threats and implements accelerated actions that adequately address those threats.

11 Staff recommends that the Commission approve PSE's 2017-2019 Two-Year Plan filed on June 1, 2017.

DISCUSSION

12 We find that the Company's 2017 Two-Year Plan is consistent with our Policy Statement. Accordingly, the Commission agrees with Staff's recommendation and approves PSE's 2017 Two-Year Plan.

FINDINGS AND CONCLUSIONS

⁸ PSE's 2017 PRP plan, DuPont Aldyl "HD" Plastic Pipe, Section 4.

⁹ PSE's 2017 PRP plan, Older Vintage Wrapped Steel, Section 5 (Mains) and Section 6 (Services).

- 13 (1) The Commission is an agency of the state of Washington vested by statute with the authority to regulate the rates, rules, regulations, and practices of public service companies, including natural gas companies.
- 14 (2) PSE is a natural gas company and a public service company subject to Commission jurisdiction.
- 15 (3) PSE filed its 2017 Two-Year Plan with the Commission on June 1, 2017.
- 16 (4) PSE's 2017 Two-Year Plan is a reasonable and measured approach to replace pipeline facilities with an elevated risk of failure.

ORDER

THE COMMISSION ORDERS:

- 17 (1) Puget Sound Energy's 2017 Two-Year Plan is approved.
- 18 (2) Puget Sound Energy must file an updated Pipeline Replacement Program Plan for 2019-2021 no later than June 1, 2019.

DATED at Olympia, Washington, and effective October 26, 2017.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chairman

ANN E. RENDAHL, Commissioner

JAY M. BALASBAS, Commissioner