



Rob McKenna

# ATTORNEY GENERAL OF WASHINGTON

Utilities and Transportation Division

1400 S Evergreen Park Drive SW • PO Box 40128 • Olympia WA 98504-0128 • (360) 664-1183

February 7, 2005

Carole J. Washburn, Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive SW  
Olympia, WA 98504

Re: Letter Request for *Second Amended Order Accepting Stipulation*  
Puget Sound Energy, Inc., Docket No. UG-971136

RECEIVED  
RECORDS SECTION  
05 FEB - 7 PM 4:43  
STAFF AND TRANSFER  
UTIL AND TRANSPORTATION  
COMMISSION

Dear Ms. Washburn:

On July 11, 1997, Puget Sound Energy, Inc. (PSE) applied for authority to provide natural gas service to portions of Kittitas County. On March 18, 1998, the Commission granted PSE's application and entered its *Order Accepting Stipulation; Requiring Tariff Refiling*. On November 9, 1998, PSE filed a motion to amend that Order. On December 8, 1998, the Commission granted PSE's motion and entered its *Third Supplemental Order Amending Order Accepting Stipulation*. PSE completed Phase I of the Kittitas project in 1999. On October 19, 2004, PSE filed a request for a second amended Order accepting the original stipulation, before beginning construction of Phase II of the project. On February 2, 2005, PSE revised its request, withdrawing its request to modify backfill requirements.

PSE now asks the Commission to amend its Order in this proceeding to permit the following: (1) a reduction in pipeline diameter from 16 inches to 12 inches, and (2) a change in final route.

Staff has carefully reviewed the Company's request. Staff also discussed with PSE the proposed modifications, including the potential economic and public safety impact of each change. Based on that investigation and documentation provided by PSE, Staff concludes that the proposed changes will have no adverse economic impact on the project. Further, the proposed modifications are not adverse to the public safety. Consequently, Staff supports PSE's Motion. A more detailed discussion follows in each of the areas covered by PSE's Motion.

## 1. Reduction in Pipeline Diameter

PSE requests permission to reduce the pipeline diameter for Phase II of the project from 16 inches to 12 inches. While in agreement with PSE that the reduction in diameter would be reasonable, Staff is reserving judgment on the issue of whether the reduction should be deemed



Carole Washburn  
February 7, 2005  
Page 2

the most economic. The reduced pipeline will provide sufficient capacity and line-pack to the serve load in conjunction with the 16-inch pipeline installed in Phase I of the project.

Staff supports PSE's request to reduce the pipeline diameter from 16 inches to 12 inches in Phase II of the project.

## **2. Change in Route**

According to PSE's Motion, the Certificated route for Phase II of the project was, like Phase I, to be constructed substantially within existing county roads and road rights-of-way. However, the high cost of restoration and the extended liability of road warranty requirements resulted in costs greater than anticipated during Phase I of the project. Consequently, PSE requests a change in route for Phase II. Under the new route, a small portion of the pipeline would be constructed on and adjacent to property of the Washington State Department of Transportation and the majority of the proposed pipeline would be constructed on private land, as depicted on the maps accompanying PSE's request.

Staff supports PSE's request to change the final route of Phase II of the project.

## **3. Modification of Backfill Requirements**

In its October 15, 2004, request for amendment, PSE additionally sought modification of the project's backfill requirements. Subsequently, in its February 2, 2005, request, PSE withdrew that portion of its request pertaining to backfill requirements. In Staff's view, the request for modification of the backfill requirements merits further discussion and evaluation. Staff will continue to work with PSE on this issue and may present the issue to the Commission for determination.

Sincerely,



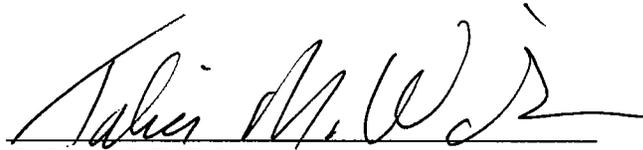
SALLY G. JOHNSTON  
Senior Assistant Attorney General

cc: Parties of record

Docket No. UG-971136  
CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon the persons and entities listed on the Service List below via e-mail, and by depositing a copy in the United States mail, addressed as shown on said Service List, with first class postage prepaid.

DATED at Olympia, Washington this 7<sup>th</sup> day of February, 2005



TALIA M. WILSON

*For Puget Sound Energy:*  
Kimberly Harris  
Regulatory & Government Affairs  
Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734

James Van Nostrand  
Stoel Rives LLP  
600 University Street Ste 3600  
Seattle, WA 98101-3197

*For City of Ellensburg:*  
Patrick K. McKenzie  
Terence Mundorf  
Marsh, Mundorf, Pratt & Sullivan  
Mill Creek Office Park Ste 160  
16000 Bothell-Everett Highway  
Mill Creek, WA 98012