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BEFORE THE WASHINGTON STATE
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

NO. PG-041624

AGREED SUBMISSION BY PUGET
SOUND ENERGY AND STAFF OF
THE WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

**EMERGENCY ADJUDICATION
HEARING: September 15, 2004,
3:00 p.m.**

Complainant Washington Utilities and Transportation Commission ("Commission")
and Puget Sound Energy, Inc. ("PSE") hereby submit the following agreed facts and action
items.

I. STATEMENT OF PURPOSE

1.1 The purpose of this hearing is to determine whether a potential emergency
condition exists and to identify steps that can be taken to address that situation.

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II. STATEMENT OF FACTS

2.1 Natural gas is a combustible gas. If it is present inside a house or other structure (other than properly contained inside the gas piping or properly contained in a functioning natural gas furnace or appliance), it can explode and cause significant damage to persons and property.

2.2 On September 2, 2004, an explosion (hereafter "the explosion") occurred at the house located at 16645 SE 26th Place, Bellevue, Washington (hereafter "the house"). The explosion was caused when natural gas inside the house ignited. The explosion destroyed the house and critically injured its resident, Ms. Frances F. Schmitz. Ms. Schmitz was in the house at the time of the explosion.

2.3 Ms. Schmitz is a residential customer of PSE. PSE provides natural gas to Ms. Schmitz at the house pursuant to residential gas service tariffs PSE has on file with the Commission.

2.4 On September 2, 2004, PSE provided gas to the house by means of a service line extending to the house from a PSE gas main located in front of the house. The main and service line are owned, operated and maintained by PSE. After the explosion, PSE removed all, or substantially all, of the service line.

2.5 At the time of the explosion, there existed a hole in the service line near a wall of the house. The hole permitted natural gas to leak out of the service line. The gas that leaked out of the service line entered the house through a hole or other sort of gap in the foundation of the house.

2.6 The service line to the house was composed of steel pipe, with a layer of coal tar wrap.

1 2.7 The service line to the house was protected by a cathodic protection system.
2
3 PSE uses cathodic protection systems to prevent or reduce corrosion of metallic pipe and
4 other metallic facilities. Cathodic protection is a method by which an underground metallic
5 pipe is protected against corrosion. Corrosion will be reduced where sufficient electric
6 current flows onto the pipe. A rectifier is an electrical device that changes alternating current
7 to direct current, which is impressed onto the underground pipe to protect it against
8 corrosion.
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14 2.8 The house was served by a cathodic protection system owned, operated and
15 maintained by PSE. An element of this cathodic protection system was a piece of equipment
16 called a Vasa Park Rectifier, located at the intersection of 163rd Avenue SE and 164th Place
17 SE in Bellevue, Washington (hereafter "the rectifier").
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22 2.9 Based on the information available at this time, the leak in the service pipe
23 was caused by corrosion.
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26 2.10 At the time of the explosion, the rectifier was incorrectly configured. In
27 particular, the lead that should have been connected to the positive terminal was in fact
28 connected to the negative terminal, and the lead that should have been connected to the
29 negative terminal was in fact connected to the positive terminal. This wiring of the rectifier
30 resulted in the cathodic protection system not working as it was intended to work. The effect
31 of such wiring can promote, not reduce corrosion of the steel service lines and other steel
32 pipeline facilities to which the rectifier is connected.
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36 2.11 After the explosion, and upon discovering the incorrect configuration of the
37 rectifier, PSE correctly configured the rectifier.
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41 2.12 The rectifier was designed to provide cathodic protection to an area
42 containing approximately 2,600 homes served with natural gas by PSE. Some are served
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1 with service lines consisting of plastic pipe. Cathodic protection systems do not affect, and
2 arc not intended to affect, plastic pipe.
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4 5 **III. OTHER MATTERS**

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7 3.1 At this time, the Commission Staff believes insufficient information is
8 available to conclude there is a causal link between the configuration of the rectifier and the
9 corrosion that caused the explosion.
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12 3.2 PSE is not waiving any privileges it may be able to assert, such as the
13 attorney-client privilege, nor is the Commission waiving any right it may have to access PSE
14 records.
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17 18 **IV. AGREED ACTION**

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20 4.1 Based on the foregoing facts, the Commission and PSE agree that the
21 following action should be taken.
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25 a. Within ten days, prepare and implement a communications plan to
26 educate all customers in the area served by the rectifier (whether
27 the facilities are steel or plastic). The plan will address the
28 following elements: alert affected customers that there may be a
29 problem that is broader than a single house, the actions customers
30 should take if they detect the odor of natural gas in and around
31 their premises, receive periodic updates on the status of remedial
32 actions taken, and the results of the company's investigation when
33 known. PSE should work with the Commission Staff and the City
34 of Bellevue in implementing this plan. The plan shall be made
35 available to the Commission upon request.
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38 b. Repair all leaks detected and verified in any of the facilities served
39 by the rectifier. PSE shall apply for any required permits and
40 initiate One Call no later than the next available day following the
41 day the leak is discovered, classifying all of these leaks as
42 emergency locates. In the event that the source of a C Leak
43 cannot be located via excavation, PSE will consult with
44 Commission Staff on next steps. Without consultation with
45 Commission Staff, PSE is not permitted to re-grade any leak for
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1 later inspection. PSE shall begin to repair each leak no later than
2 the day following receipt of permits and locates. To the extent
3 this provision is more lenient than applicable safety rules in a
4 given situation, the applicable safety rule shall be followed.
5 Repair records shall be made available to the Commission upon
6 request.
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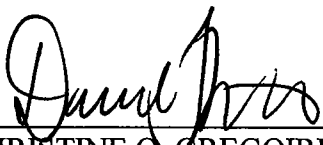
- 8
9 c. Preserve the service line that served the house, and make it
10 available for inspection by the Commission upon request and any
11 consultant retained by the Commission.
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13 d. Conduct a metallurgical analysis of the service line that served the
14 house to determine what caused it to leak, and provide the results
15 to the Commission upon request.
16
17 e. Preserve and make available to the Commission upon request all
18 records relating to the installation and maintenance of the rectifier,
19 including any record containing information on the period when
20 the rectifier failed to provide the level of cathodic protection
21 required by Commission rules.
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23 f. Preserve and make available to the Commission upon request any
24 and all records of any investigations of the explosion and its
25 causes.
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27 g. Preserve and make available to the Commission upon request any
28 and all documents surrounding any investigation of the explosion,
29 and/or the rectifier, and/or any of the other facilities involved.
30 This includes any leak surveys that are conducted.
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32 h. Conduct leak surveys of all mains and service lines served by the
33 rectifier on or before October 4, 2004, and every thirty days
34 thereafter, until the Commission orders otherwise, and provide the
35 results to the Commission upon request. The survey to be
36 conducted on or before October 4, 2004 is in addition to the
37 survey PSE conducted within a week of the explosion.
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39 i. Conduct a test(s) that will determine the condition of the coating
40 of the coated steel service lines and mains in the area covered by
41 the rectifier (including an assessment of the state of corrosion of
42 such service lines and mains), and provide the results to the
43 Commission upon request. PSE will work with Commission Staff
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1 to determine the parameters of this survey and follow-up
2 activities.
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6 DATED: September 15, 2004.
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9 PERKINS COIE LLP
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11 By James F. Williams *per telephone*
12 *by DTT authority*
13 James F. Williams, WSBA #23613 1:35 PM
14 Amanda J. Beane, WSBA #33070 9/15/04
15 Attorneys for Puget Sound Energy, Inc.
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22 By 
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29 Transportation Commission
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