



**PUGET  
SOUND  
ENERGY**

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Co. <i>WUTL</i>	Co. <i>PSE</i>	
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June 19, 2001

Douglas Kilpatrick, P.E.  
Pipeline Safety Director  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Re: PSE Standard Alcohol Audit  
*Docket No. UG-001116*  
*Ref. No. 4-1320*

Dear Mr. Kilpatrick:

Puget Sound Energy is in receipt of your May 18, 2001 report of the 2000 audit conducted by Pipeline Safety Staff (Staff). In that report, Staff alleged seven violations of 49 CFR 199 with a general statement that since the 1997 merger between Puget Sound Power and Light Company (PSP&L) and Washington Natural Gas (WNG), PSE had not "enforced a qualified program that meets the minimum standards for CFR Title 49, Parts 199 and 40 for preventing alcohol misuse".

PSE acknowledges that certain deficiencies existed in the execution of its alcohol misuse plans during the audit years. Without laying aside responsibility, the audit period was a difficult period in the early development of this company. PSE submits however, that despite the early evolution of corporate structure and operation, efforts were continually underway to develop and implement a new substance abuse plan that would incorporate all applicable regulatory requirements in a manner that was fair to all employees. Further, prior to and at the time of the audit PSE was actively engaged in formulating a fully compliant drug and alcohol program. That process was completed on March 1, 2001 and from that time to the present, PSE has been in compliance.

The following are PSE's responses to the alleged violations of 49 CFR 199 as audited by Staff:

1. **Allegation:** PSE did not have an adequate alcohol misuse plan that conformed to the requirements of Title 49 CFR Parts 40 and 199 for the years of 1997, 1998, 1999 and parts of 2000.

**Response:** Immediately following the merger of WNG and PSP&L in February 1997, PSE adopted the alcohol misuse plans of both companies. (Attachments A and B) The WNG plan was deemed compliant by Staff in this audit.

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Because the WNG plan was based on the requirements of 49 CFR Part 199 and the PSP&L plan was based on the requirements of 49 CFR Part 382, execution of the plans became difficult. Consequently, PSE undertook the development of a new substance abuse plan in 1998. The WNG and PSP&L plans were maintained as an interim measure. They remained in effect until the new plan was implemented on March 1, 2001.

2. *Allegation:* PSE did not submit annual Management Information System reports to the Office of Pipeline Safety, Research and Special Programs Administration, as required.

*Response:* Staff findings are correct.

3. *Allegation:* PSE did not have procedures in place that met the requirements of 49 CFR 239 for providing certain educational materials to employees regarding alcohol misuse.

*Response:* Since both PSP&L and WNG had compliant alcohol misuse plans in place before the merger and Part 199.239 does not specify a frequency for distribution of the materials, it was determined that the distribution of employee materials that took place prior to the merger was adequate. We concur that post-merger distribution of employee materials did not meet the regulatory requirements. Employee educational materials relating to PSE's new substance abuse plan were distributed shortly after approval of the plan on March 1, 2001. Attachment C contains current employee educational materials.

4. *Allegation:* PSE did not adequately train supervisory personnel to recognize the symptoms of alcohol misuse as required by 49 CFR 199.241.

*Response:* Because 49 CFR 199.241 does not specify a frequency for training of these supervisors, it was determined that training conducted by WNG in 1996 was adequate for this same group of supervisors following the merger. (Attachment D). Supervisory training on the provisions of PSE's new substance abuse plan was conducted in early 2001. Attachment E contains current supervisory training materials.

5. *Allegation:* PSE has not contracted for substance abuse professional services and had not made such services available to employees.

*Response:* During the audit period, PSE had an active contract with Working Solutions Inc. for such services and had made them available to employees by means of displays of educational materials. (Attachment F)

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6. *Allegation:* PSE has not monitored compliance of its contractors as required.

*Response:* PSE recognizes the responsibility to monitor contractor employee compliance and requires its contractors to follow all applicable state and federal regulations. As part of PSE's unit bid process in 1998, all contractors were required to submit a copy of their substance abuse programs.

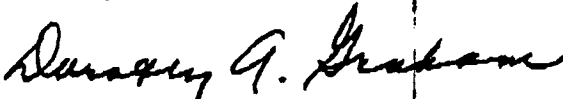
7. *Allegation:* PSE record keeping and documentation does not meet the regulatory requirements.

*Response:* Records of the tests conducted exist although, at the time of the audit, not in a convenient central location.

PSE's new substance abuse plan is in place and testing is underway. The plan is centrally-managed from the Safety, Standards and Work Practices Department and the Program Manager is Doug Damm. This is a program that is staffed appropriately and is enforced by the Vice-President, Operations - Delivery, Sue McLain, and PSE's Executive Safety Review Committee. PSE is confident that the plan effectively addresses all regulatory requirements and will be executed not only for compliance sake, but also for the purpose of enhancing the safe operation of PSE's pipeline facilities.

PSE is prepared to answer additional questions or to discuss remaining issues as needed. Please contact Doug Damm to facilitate your request at (425) 462-3721.

Sincerely,



Dorothy A. Graham  
Vice President Human Resources

Attachments

cc. William S. Weaver, Chief Executive Officer  
Sue McLain, Vice President, Operations-Delivery  
Doug Damm, Standards Program Manager