



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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(360) 664-1160 • TTY (360) 586-8203

Ref. No. Docket PG-080032

**CERTIFIED MAIL**

September 25, 2008

Bert A. Valdman  
Executive VP & COO  
Puget Sound Energy  
PO Box 90868 MS: EST-07W  
Bellevue, Washington 98009-0868

Dear Mr. Valdman:

**Subject: 2008 Standard Inspection of Thurston/Lewis Counties Distribution System**

Thank you for your letter of intent dated August 28, 2008, addressing the six probable violations and one area of concern noted during the Thurston/Lewis County inspection. We have reviewed your response and have decided to seek an agreed order that will include conditions necessary to resolve the probable violations noted in our inspection. For us to take this action, the terms and conditions of the agreement must be agreed to by Puget Sound Energy (PSE). Your company will have the opportunity to work with us in drafting the agreement. The commission must approve any agreement between staff and PSE, which may be done as a consent item at an open public meeting. If PSE does not agree to this course of action, we will pursue a complaint with penalty.

We have attached our response to your letter of intent in addition to the terms and conditions which contains language for each probable violation and area of concern identified in our inspection report. Once we reach agreement on the wording of the conditions, we can begin drafting a proposed order.

**Your response needed**

Please review this letter carefully and respond in writing by October 27, 2008 as to whether PSE agrees to enter an agreement to close this docket. Such an agreement will resolve all of the probable violations, area of concern, and any additional conditions listed below.



## **DRAFT AGREEMENT CONDITIONS**

(Numbers coincide to the probable violations noted in the findings report).

**1(a) and (b).** We accept your response indicating that these facilities have been replaced. In addition, PSE agrees to provide to the commission, by March 31, 2009, an assessment and remediation program where necessary, of any similar installations. Staff will meet with PSE at this time to discuss a course of action.

**1(c).** We accept your response but disagree with your contention that PSE procedures were followed. Our discussions with your personnel on-site indicated that the relief valve was not opened after maintenance was performed. Employees indicated that after the relief stack was damaged by a vehicle, they attempted to clean out the base of the stack with a vacuum cleaner.

**2(a) (b) and (c).** We accept your response indicating that these facilities were replaced. You have requested removal of these as probable violations. Since items (a) and (b) clearly showed indications of heavy atmospheric corrosion and item (c) showed indications of minor atmospheric corrosion, we believe that a probable violation of CFR Part 192.481 applies since PSE did not provide protection against corrosion as required. In addition, we requested that PSE save some of the service risers during replacement so that we could evaluate the extent of the corrosion. This was not done and the risers were discarded.

**2(d).** We accept your response to this item. In addition, PSE agrees to provide to the commission by March 31, 2009, an assessment and remediation program where necessary, of any similar installations system wide. Staff will meet with PSE at this time to discuss a course of action.

**3(a) (g).** We accept your response that the noted items have been remediated but request that PSE provide information detailing how similar installations will be found. Your response indicates that training will be provided to field staff and assume that the completion date indicating the end of 2008 refers to this training. We are requesting clarification on how these facilities will be found. We suggest that PSE possibly tie the process of finding these installations into your atmospheric corrosion survey or business district leak survey.

**4(a) - (c).** We are unclear on your response. Please provide additional information on what procedures or processes you are referring to. It is required that you provide cathodic protection at a level meeting one of the criteria in Part 192 appendix D. Some of these facilities were found to have low CP levels during PSE's "critical bond" program in March 2007. PSE did not complete remediation within 90 days as required. Staff found the low reads during the inspection in May 2008, 14 months after PSE identified them. The issue of low reads found during the critical bond program will be addressed in a follow-up inspection, docket PG-080003.

Bert A. Valdman  
September 25, 2008  
Page Three

5. We accept your response.

6. We accept your response indicating that you have remediated this installation. You have requested removal of this item as a probable violation. We agree that CFR Part 192.355 was incorrectly cited. Since it is a requirement of the Revised Code of Washington (RCW) 80.28.210 that all gas companies construct and maintain their facilities in a safe and efficient manner, we believe that a violation still occurred under this chapter.

With regard to the "Area of Concern" identified in the inspection, we accept your response.

For further questions or if we may be of any assistance, please contact Lex Vinsel at (360) 664-1319 or e-mail [lvinsel@utc.wa.gov](mailto:lvinsel@utc.wa.gov). Please refer to **docket number PG-080032** in any future correspondence regarding this inspection.

Sincerely,



David W. Danner  
Executive Director and Secretary

cc. Anne F. Soiza, Director, Pipeline Safety  
Mike Hobbs, PSE  
Duane Henderson, PSE  
Helge Ferchert, PSE