



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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Ref. No. Docket PG-060215

CERTIFIED MAIL

October 7, 2008

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

Dear Mr. Valdman:

This letter is to inform you that Puget Sound Energy (PSE) has timely complied with the following requirements of the Utilities and Transportation Commission's Order 02 in Docket PG-060215:

- **Auditable records of employee leak repair and leak surveillance activities**

Auditable leak repair and leak surveillance activities records for each PSE employee and PSE contractor employee were established by March 31, 2008.

- **Leak work orders numbered sequentially**

Procedures designed to ensure that leak work orders completed by a PSE employee or PSE contractor are numbered sequentially were implemented by December 11, 2007.

- **Leak records system**

A written plan outlining changes made to PSE's leak records system to implement fraud prevention measures was submitted by July 31, 2008.

- **Gas Safety Quality Control (QC) and Quality Assurance (QA) Plans**

1. A QC plan that applies to gas safety-related activities performed by Pilchuck Contractors, Inc. (Pilchuck) was submitted by March 31, 2008.



2. A QA plan that documents PSE's current QA practices and adds audit practices relative to gas pipeline records review for work performed by Pilchuck was submitted by March 31, 2008.
3. QC plans for PSE's own personnel and each of PSE's contractors performing gas safety-related activities were submitted by June 30, 2008.
4. Expanded QA plans for PSE's own field personnel and each of PSE's contractors performing gas safety related activities were submitted by June 30, 2008.

All contractor QC plans and PSE's QA plan were implemented by July 1, 2008.

- **Third party audit**

PSE issued a Request for Proposal (RFP) within 30 days of the commission order approving the settlement agreement and selected the contractor within 60 days of issuing the RFP.

- **Monetary Penalty**

PSE paid a monetary penalty within 15 calendar days after the date the commission issued the order approving the settlement agreement.

Thank you for your cooperation. Please contact David Lykken at (360) 664-1219 if you have any questions.

Sincerely,



David W. Danner
Executive Director and Secretary

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