

**EXHIBIT NO. \_\_\_(SML-1T)  
DOCKET NO. PG-041624  
WITNESS: SUSAN MCLAIN**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY, INC.,**

**Respondent.**

**Docket No. PG-041624**

**PREFILED DIRECT TESTIMONY OF  
SUSAN MCLAIN  
ON BEHALF OF PUGET SOUND ENERGY, INC.**

**AUGUST 15, 2005**

**PUGET SOUND ENERGY, INC.**

**PREFILED DIRECT TESTIMONY OF SUSAN MCLAIN**

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## EXHIBIT LIST

- Exhibit No. \_\_\_\_\_ (SML-2) Susan McLain's Resume
- Exhibit No. \_\_\_\_\_ (SML-3) September 17, 2004 Order Requiring  
Emergency Action
- Exhibit No. \_\_\_\_\_ (SML-4) Graphic Illustration of PSE Gas  
Distribution System
- Exhibit No. \_\_\_\_\_ (SML-5) September 2, 2004 "Walk Around  
Letter" for Spiritridge Customers
- Exhibit No. \_\_\_\_\_ (SML-6) September 29, 2004 Letter to  
Customers with an Investigation  
Status Report
- Exhibit No. \_\_\_\_\_ (SML-7) September 29, 2004 Frequently Asked  
Questions Document
- Exhibit No. \_\_\_\_\_ (SML-8) PSE Scratch 'n Sniff Pamphlet
- Exhibit No. \_\_\_\_\_ (SML-9) Spiritridge Neighborhood Association  
Handout Materials
- Exhibit No. \_\_\_\_\_ (SML-10) PSE Pre-Recorded Messages for  
Neighborhood-Wide Telephone  
Updates
- Exhibit No. \_\_\_\_\_ (SML-11) Collection of Weekly Status Reports

1

**PUGET SOUND ENERGY, INC.**

2

**PREFILED DIRECT TESTIMONY OF SUSAN MCLAIN**

3

**I. INTRODUCTION**

4

**Q. Please state your name, business address and present position with Puget Sound Energy, Inc.**

5

6

A. My name is Susan McLain. My business address is 10885 N.E. Fourth Street, P.O. Box 97034, Bellevue, Washington 98009-9734. I am the Senior Vice President, Operations, for Puget Sound Energy, Inc. ("PSE" or "the Company").

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**Q. What is your educational and professional experience?**

10

A. Exhibit No. \_\_\_\_ (SML-2) describes my educational and professional experience.

11

**Q. What are your duties as Senior Vice President for Operations?**

12

A. I am responsible for all activities associated with the Company's gas and electricity delivery systems. This includes: system and maintenance planning; safety and standards; system design and engineering; gas and electric system construction and maintenance; substation construction, operations and maintenance; contractor and project management; system controls and protection; dispatch; emergency response; system mapping; quality assurance and control; operations performance measurement; purchasing and materials management; fleet management; and electric control center and electric transmission contracts.

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**II. SCOPE OF TESTIMONY**

2 **Q. What is the scope of your testimony in this proceeding?**

3 A. I will provide: (1) an overview of PSE's gas distribution system; (2) an  
4 assessment of the current state of the system and an explanation of our efforts to  
5 maintain its integrity; (3) a description of PSE's efforts to investigate and take  
6 remedial action after the September 2, 2004, Bellevue house explosion; (4) PSE's  
7 response to the WUTC Staff's recommendations articulated in the prefiled  
8 testimony of Messrs. Rathbun and Chu; and (5) PSE's response to the alleged  
9 violation of RCW 80.28.210 and 49 CFR § 192.463.

10

**III. SUMMARY OF TESTIMONY**

11 **Q. Please summarize your testimony.**

12 A. PSE's gas distribution system is safe, well maintained and operating in accordance  
13 with federal and state gas regulations. Due to the unique factual circumstances,  
14 PSE could not predict the chain of events that led to the September 2, 2004,  
15 explosion and ultimately the tragic death of Mrs. Frances Schmitz. After the  
16 explosion, PSE immediately undertook a thorough investigation, consistently  
17 communicated with all stakeholders about the status of the investigation, and took  
18 prompt action within the time allowed by law to remedy any identified  
19 deficiencies. In the final analysis, the results of the investigation have shown that  
20 PSE did not violate any laws that gave rise to this complaint, that PSE should not  
21 be penalized for this unforeseeable and tragic event, and that PSE should not be  
22 forced to deviate from a state regulatory scheme that was created for the purpose  
23 of ensuring the safe and uniform operation of all gas distribution systems.  
24 Moreover, because PSE's system is safe and no emergency exists, there is no need  
25 for the continuing obligations imposed in the Commission's September 17, 2004,

1 Order Requiring Emergency Action ("Emergency Order"), which is Exhibit  
2 No. \_\_ (SML-3) to my testimony.

3 **III. BACKGROUND ON PSE'S GAS DISTRIBUTION SYSTEM**

4 **Q. Can you provide us with an overview of PSE's gas distribution system?**

5 A. Yes. PSE is Washington's largest energy utility, serving more than one million  
6 electric customers and more than 680,000 natural gas customers, primarily in the  
7 Puget Sound region. PSE's priorities are to provide safe, reliable, reasonably  
8 priced energy service for the customers and communities we serve. With respect  
9 to natural gas, we provide service in six counties (i.e., King, Kittitas, Lewis,  
10 Pierce, Snohomish and Thurston) and we maintain over 11,000 miles of gas  
11 pipeline and approximately 12,000 miles of gas service lines. Notwithstanding  
12 the size and complexity of our gas distribution systems, safety is and will always  
13 be our top priority.

14 **Q. Can you describe how PSE distributes gas to its customers?**

15 A. Yes. Natural gas is a combustible fossil fuel composed almost entirely of  
16 methane. It is found in deep underground reservoirs formed by porous rock.  
17 From the wellhead of a drill, natural gas can be transported thousands of miles  
18 through large-diameter interstate pipelines. The gas is sent along the interstate  
19 pipeline through compressor stations that are located every 50 to 60 miles.  
20 Eventually, the gas reaches a city gate station, where it is metered and delivered  
21 to our customers through a distribution network of local gas mains, small-  
22 diameter service lines, and ultimately the customer's meter. Exhibit No. \_\_\_\_\_  
23 (SML-4) of my testimony provides a graphic illustration of this process.

24 **Q. What kind of pipes are used to deliver gas to the customers' meters?**

25 A. Originally, cast iron was commonly used because of its excellent resistance to

1 corrosion. Steel generally replaced cast iron in the 1950's because of its strength  
2 and flexibility. In the late 1950's, gas companies all over the country began using  
3 wrapped steel to help prevent pipe corrosion. Since the early 1980's, plastic pipe  
4 has become the material of choice for low-pressure service lines because it is  
5 strong, flexible and corrosion-resistant.

6 **Q. How long do gas service and main lines normally last?**

7 A. Unless a gas service or main line is somehow damaged, it will perform safely for  
8 many decades. We are aware of service and main lines that have functioned  
9 safely for over 70 years without a need for replacement.

10 **Q. Is one type of gas service or main line safer than another?**

11 A. Not necessarily. Both metal and plastic service and main lines have different  
12 attributes. The key benefit of plastic over metal is the absence of corrosion.  
13 Corrosion is a concern because, over long periods of time, holes can be created in  
14 unprotected steel gas service and main lines when the corrosion becomes  
15 excessive. There are federal and state laws that require constant corrosion control  
16 for wrapped steel pipe in the form of "cathodic protection" and periodic surveys  
17 of gas pipelines to detect leaks. The testimony of Harry Shapiro and Kevin  
18 Garrity elaborate on this. Corrosion, however, is merely one of the dangers faced  
19 by gas pipelines and is not the most likely cause of leaks. By far, we have found  
20 the most common cause of a leak is due to excavation damage. It routinely  
21 occurs as a result of inadvertent homeowner actions or the actions of other  
22 utilities (e.g., cable, water, sewer, etc.) whose workers may not be knowledgeable  
23 about the location or significance of our gas service and main lines. In fact, in the  
24 last four months, 52% of leaks were caused by third-party damage; the remaining  
25 leaks were caused by a number of factors, including mechanical failure (e.g.,  
26 loosened fitting) or material failure, corrosion, or an unknown cause. In any

1 event, whether the gas service and main lines are metal or plastic, PSE takes steps  
2 to ensure pipeline integrity and to alert the public if there is a leak.

3 **Q. How do you alert the public to and protect the public from gas leaks?**

4 A. The first safety device we have is the injection of a strong, noticeable odor into  
5 the natural gas we sell. Natural gas, on its own, is colorless and odorless. What  
6 you smell in our product is a harmless, but sour-smelling, odorant commonly  
7 called "mercaptan." We inject mercaptan at the city gate stations to make it easy  
8 for people to quickly identify gas leaks. Second, we have dedicated personnel on  
9 duty 24-hours a day to respond telephonically to any customer questions or  
10 concerns about gas leaks. The third safety procedure we have is the gas First  
11 Response Leak Inspection Team ("First Response Team") that is sent to the leak  
12 site if a customer's report is not readily explainable. Our First Response Team is  
13 staffed by experienced gas technicians who are equipped to identify where a gas  
14 leak is coming from. The First Response Team is also on 24-hour duty.

15 **Q. In your view, is the PSE gas distribution system safe?**

16 A. Yes, we believe that it is a safe system and we have heard that statement publicly  
17 confirmed by the WUTC Staff.

18 **IV. PSE'S RESPONSE TO THE SEPTEMBER 2 EXPLOSION**

19 **Q. Are you familiar with the September 2, 2004 explosion that is the subject of  
20 this matter?**

21 A. Yes.

22 **Q. How did PSE respond to the explosion?**

23 A. As soon as the explosion occurred, PSE reached out to the Spiritridge  
24 neighborhood with "walk-around letters" that were distributed to the residents.



1 These letters were intended to quickly inform about the explosion and the status  
2 of the investigation. Exhibit No. \_\_ (SML-5) is an example of those letters. A  
3 recorded message on the event was also delivered to any neighborhood resident  
4 who had provided us with a current and active telephone number. We also  
5 immediately began working cooperatively with the WUTC Staff and the City of  
6 Bellevue ("City") on the investigation and an action plan to ensure the integrity of  
7 our gas distribution system.

8 **Q. Please explain how PSE worked with Staff and the City to respond.**

9 A. After the September 2 explosion, PSE, with the approval of the WUTC and in  
10 partnership with the City, implemented the nine-point emergency "Action Plan"  
11 intended, in part, to communicate important information to PSE customers and  
12 key audiences about the ongoing investigation, the status of the gas-distribution  
13 system, and system remediation steps being taken. That Action Plan is reflected  
14 in the Emergency Order. As stated in the Staff's Pre-filed testimony, PSE has  
15 performed all nine of the Action Plan points. The Company also brought in third-  
16 party investigators and periodically briefed both Staff and the City of the  
17 investigation methodology and progress.

18 **Q. Did PSE do anything to communicate with its gas customers about the**  
19 **explosion?**

20 A. Yes. One of the most important aspects of the Action Plan was the first item,  
21 which required PSE to prepare and implement a "Communications Plan to  
22 educate all customers in the area served by the rectifier." Our Plan's objectives  
23 were to, among other things, provide factual, timely and up-to-date information to  
24 PSE customers within the affected area about the status of the investigation, the  
25 safety condition of their gas-delivery system, and the proper actions to take in the  
26 event gas odor is detected in or around their premises. To accomplish these goals,

1 PSE employed the following tactics:

2 • **Creation of Mail Packets of Information.** PSE, in cooperation with the  
3 WUTC Staff and the City, sent packets of information to customers within  
4 the service area covered by the cross-wired rectifier (a description of  
5 which is covered in the testimony of James Hogan). These packets  
6 included:

7 ➤ *Letters* describing key known facts of the incident, status of the  
8 investigation, activity that residents may be seeing in their  
9 neighborhoods (e.g., digging, detecting, etc.), what to do if resident  
10 smells gas, and key-contact information for PSE, WUTC and the  
11 City. Exhibit No. \_\_\_\_ (SML-6).

12 ➤ *Frequently Asked Questions Document* on gas safety, the basics of  
13 a gas distribution system and the identity of whom to call. Exhibit  
14 No. \_\_\_\_ (SML-7).

15 ➤ *PSE Scratch 'n' Sniff Pamphlets* that were sent along with  
16 customer bills to make them familiar with the smell of natural gas.  
17 Exhibit No. \_\_\_\_ (SML-8).

18 • **Creation of a Dedicated PSE Email Box.** This email box was dedicated  
19 solely to handling direct correspondence with PSE customers on the  
20 explosion.

21 • **Prominent Publication of All Communications Documents.** PSE  
22 published everything on its website and created direct links to PSE's site  
23 from the WUTC's and the City's websites.

24 • **Joint Review and Approval of All Updated Communications.** To  
25 ensure complete accuracy and coordination with the WUTC Staff and the

1 City, PSE provided a minimum of one day for them to review all proposed  
2 communication materials.

3 • **Direct Consultation With the Spiritridge Neighborhood Association.**

4 PSE consulted with the Association to continue and expand in-person  
5 communication opportunities and interaction with its customers. For  
6 example, PSE participated in two community meetings sponsored by the  
7 Association, held weekly "Coffee Klatch" hours in the Spiritridge  
8 neighborhood to update residents, answer questions and hand out  
9 information similar to that attached as Exhibit No. \_\_ (SML-9) to my  
10 testimony. PSE also encouraged participation in these meetings by the  
11 WUTC Staff and the Bellevue Fire Department.

12 • **Recorded Neighborhood-Wide Telephone Updates.** On an as-needed  
13 basis, PSE set up recordings that would provide informational updates via  
14 telephone. Exhibit No. \_\_ (SML-10).

15 • **Regular Informational Updates in Local Newspapers.** PSE  
16 consistently presented information on the investigation's status,  
17 community meeting announcements, etc., in the *Eastside Journal*, *The*  
18 *Seattle Times* and *Seattle Post-Intelligencer*.

19 • **Informational Insert for the City.** PSE created informational inserts for  
20 the publication called "It's Your City," which was distributed in late  
21 October of 2004.

22 • **Weekly Progress Reports.** PSE created weekly status reports on PSE's  
23 execution of the Action Plan to keep WUTC Staff and the City fully  
24 informed of all activities related to the investigation. Exhibit No. \_\_  
25 (SML-11).

1 **Q. What did PSE do to manage, coordinate and track customer communications**  
2 **to you?**

3 A. We did several things. We established an internal process to document the  
4 number and nature of customer inquiries and PSE's response. We provided  
5 weekly written reports to the WUTC Staff and City on our communication efforts  
6 along with information on key gas-operations activities. We also provided the  
7 WUTC Staff and the City with copies of all PSE customer inquiries and  
8 correspondence.

9 **Q. Aside from your efforts to execute on the Communication Plan, what else did**  
10 **you do in response?**

11 A. PSE was and still is concerned with the public's peace of mind as well as its  
12 safety. As a consequence, we took some steps that were not required but were  
13 approved of by WUTC Staff. First, to alleviate the public's concerns over the  
14 safety of the system, PSE announced on October 29, 2004 that it intended to  
15 replace all of the Spiritridge area steel mains and service lines with plastic natural  
16 gas mains and service lines for the 600 customers who were connected to the mis-  
17 wired rectifier. Second, to prevent future inadvertent mis-wiring, PSE assured  
18 that all rectifier units and associated wiring had permanent labeling and were  
19 securely locked. Third, in addition to the investigative testing performed on the  
20 Spiritridge piping in September and October 2004, PSE undertook a system-wide  
21 investigation of all like and similar cathodic protection rectifier units to ascertain  
22 whether any additional units had been mis-wired. No additional wiring reversals  
23 were found during this investigation.

24 **V. CONTINUED PERFORMANCE OF EMERGENCY ORDER**  
25 **ACTION ITEMS**

26 **Q. Does PSE believe that the Spiritridge neighborhood is safe from service and**

1           **main line corrosion?**

2    A.    Yes.

3    **Q.    Please explain why.**

4    A.    As described in the testimony of James Hogan and Kevin Garrity, PSE has  
5           thoroughly investigated the cause of the explosion and determined that it was a  
6           series of anomalies of that specific residence, and not any corrosion caused by the  
7           rectifier. Additionally, PSE has replaced all of the metal pipes in the Spiritridge  
8           neighborhood with plastic pipe that will not corrode.

9    **Q.    Are you familiar with the September 17, 2004 Emergency Order?**

10   A.    Yes.

11   **Q.    Do you believe that PSE's continued performance of any of the Action Items**  
12           **is necessary to maintain the gasline safety of the Spiritridge neighborhood?**

13   A.    No.

14   **Q.    Please explain why.**

15   A.    The federal and state codes and regulations provide adequate protection for gas  
16           line safety in the Spiritridge neighborhood. The additional and ongoing  
17           requirements imposed by the Action Items, such as the requirement of leak  
18           surveys every 30 days in the Spiritridge neighborhood, are simply unnecessary  
19           and will drive up the cost of gas operations without significant safety benefits.  
20           PSE wishes to return to normal operations in the Spiritridge neighborhood by  
21           complying with applicable federal and state codes and regulations.

22                                   **VI.    PSE'S RESPONSE TO THE WUTC'S STAFF'S**  
23                                   **RECOMMENDATIONS**

24   **Q.    Have you had an opportunity to review the pre-filed testimony of Alan E.**

1           **Rathbun and the attached exhibit, which contains the list of Staff**  
2           **recommendations for repairs, changes or other improvement PSE should**  
3           **make?**

4    A.    Yes.

5    **Q.    In Recommendation No. 1(a), Mr. Rathbun suggests that the Commission**  
6           **order PSE to develop an inventory of properties with similar vintage of**  
7           **construction as Mrs. Schmitz's. What is PSE's position on that?**

8    A.    In an abundance of caution and to provide peace of mind to all of PSE's customers  
9           who have service lines that may be of a vintage similar to Mrs. Schmitz's, PSE is  
10          prepared to develop an inventory of such properties. To ensure the  
11          comprehensiveness of our inventory, however, PSE would go beyond the WUTC  
12          Staff's recommendation of five years prior to application of impressed current  
13          cathodic protection. Instead, PSE would identify all homes with gas service lines  
14          that were installed at any point before 1971. By doing this, PSE can ensure that  
15          any service lines that were installed prior to mandatory cathodic protection have  
16          been identified. Since PSE will have to review the maps and records of almost  
17          700,000 gas service lines to be certain as to the material for each, the creation of  
18          this inventory will take a substantial amount of time.

19   **Q.    In Recommendation No. 1, Mr. Rathbun also asks the Commission to order**  
20          **PSE to (b) assess the condition of the systems in a manner similar to that**  
21          **used at Spiritridge (i.e., increased leak surveys, detailed cathodic protection**  
22          **surveys with direct examinations of positive and negative indications, and**  
23          **scrutiny and analysis of details of cathodic protection data); (c) prioritize the**  
24          **areas for digital monitoring, and create a plan for rehabilitation and**  
25          **eventual replacement of the aging portions of the distribution system;**  
26          **(d) increase leak monitoring activities during the periods PSE is in the**

1 **inventory, assessment and prioritization process (e.g., annual leak surveys);**  
2 **and (e) continue to use Direct Current Voltage Gradient (DCVG) and Close**  
3 **Interval Survey (CIS) methods to indirectly assess pipeline condition. Please**  
4 **tell us PSE's position on these parts of Recommendation 1.**

5 A. PSE disagrees with all recommendations in 1(b)-(e) because they have several  
6 fundamental flaws.

7 **Q. What flaws have you identified in Staff Recommendations 1(b)-(e)?**

8 A. First, the recommendations assume that there is a systemic problem within PSE's  
9 gas distribution system. That assumption is based upon the testimony of the  
10 WUTC Staff's expert, Dr. Bell, who speculates that the unusual circumstances of  
11 the Schmitz home are representative of those that will be found in other homes  
12 serviced by PSE. The investigation of the Spiritridge incident looked for and did  
13 not find any evidence of similar circumstances anywhere else. The second flaw  
14 in the recommendations is the assumption that a gas distribution system must  
15 never leak. While a laudable goal, it is technologically impossible to attain. No  
16 such system exists and the federal and state codes and regulations anticipate that  
17 various kinds of leaks will inevitably occur. Third, the recommendations assume  
18 that leaks in a gas distribution system are routinely the result of corrosion and that  
19 those leaks will result in an explosion or similar dangerous incident. The truth is  
20 that the vast majority of gas leaks in PSE's gas distribution system are resolved  
21 without incident and are caused by the actions of third parties who have  
22 inadvertently damaged the gas pipeline during an excavation. The final flaw in  
23 the recommendations is the suggestion that PSE perform additional surveys and  
24 inspections throughout the entire gas distribution system without there being any  
25 evidence that the action would improve public safety or that PSE should be  
26 treated any differently from all of the other gas distribution companies in

1 Washington. The guidelines for surveying gas pipelines for leaks were created  
2 with the public's safety in mind and are uniform throughout Washington. The  
3 Staff has not articulated any reason why the isolated events at Mrs. Schmitz's  
4 home would justify the Commission throwing out the CFR and the WAC  
5 requirements for leak surveys and pipeline inspections.

6 **Q. Are there any other concerns about the Staff's recommendations?**

7 A. Yes. In addition to the flawed assumptions in Recommendation No. 1, PSE does  
8 not believe that implementation of those items would improve public safety or be  
9 cost effective if ordered by the Commission.

10 **Q. How many steel service lines would be implicated by Recommendation**  
11 **No. 1?**

12 A. Our cursory review of records indicates between 70,000 and 100,000.

13 **Q. What are the costs of doing annual leak surveys on 100,000 steel-wrapped**  
14 **services contemplated by Recommendation No. 1?**

15 A There will be a one time cost of \$100,000 to locate all of the relevant service  
16 lines. In addition, we estimate spending an additional \$300,000 - \$400,000 each  
17 year to comply with the recommendations. That amount would be on top of the  
18 regular leak survey costs incurred for inspecting service lines for 1/5 of the  
19 customers each year as required by law. There will also be substantial costs  
20 associated with continuing the Direct Current Voltage Gradient and Close Internal  
21 Survey methods (coating survey) to indirectly assess pipeline condition.

22 **Q. How much would a coating survey as proposed cost?**

23 A PSE estimates it spent \$275,000 on the Spiritridge coating survey. We would  
24 expect to pay an average of \$450 per service line in a fairly small geographic  
25 area, but are unable to accurately estimate the total cost (as recommended by



1 Staff) at this point without more information about the specific location of the  
2 service lines.

3 **Q. What is PSE's position with respect to Recommendation No. 2, which seeks**  
4 **to require PSE to change its operating manual to initiate remediation**  
5 **without undue delay after a zero or positive voltage cathodic protection**  
6 **reading is taken?**

7 A. PSE agrees with this recommendation and has already changed our gas field  
8 procedures to reflect the heightened urgency called for when a cathodic protection  
9 reading is more positive than -200 mV.

10 **Q. What is PSE's position on Recommendation No. 3, which requires PSE to**  
11 **amend its operating manual to include a standardized process of taking pipe-**  
12 **to-soil potential measurements, including specific provisions described and**  
13 **the significance of the zero voltage cathodic protection readings, and**  
14 **indicating that remedial action must be initiated without undue delay where**  
15 **such readings are found?**

16 A. PSE agrees with this recommendation and has discussed the significance of a zero  
17 or positive read and an appropriate response in staff meetings.

18 **Q. What is PSE's position on Recommendation No. 4, which would require PSE**  
19 **to secure its rectifiers against unauthorized access and maintain a log**  
20 **showing when each rectifier is accessed and what was done to it?**

21 A. PSE agrees with this recommendation. Two days after the explosion occurred,  
22 PSE checked all of the rectifiers within its gas distribution system. It has already  
23 begun the process of enhancing the security of each. All of the "long shank"  
24 locks have been replaced and it is no longer possible to gain access to the controls  
25 of a rectifier without removing the lock. In addition, logs are maintained to track

1 access to PSE's rectifiers.

2 **Q. What is PSE's position with respect to Recommendation No. 5, which would**  
3 **relieve PSE from the requirements of Order 1 regarding leak repair and leak**  
4 **regrades because the new Commission rules now provide adequate**  
5 **protection?**

6 A. PSE agrees that the Commission should relieve PSE of the requirements currently  
7 in place regarding leak repair and leak regrades.

8 **Q. With respect to that portion of Recommendation No. 5, which would require**  
9 **the Commission to change Order 1 to require that PSE perform leak surveys**  
10 **in the area served by the Rectifier from monthly to an interval of annually,**  
11 **what is PSE's position?**

12 A. PSE rejects that recommendation for the same reasons mentioned in my testimony  
13 regarding Recommendation No. 1(b)-(e).

14 **VII. THE ALLEGED VIOLATION OF FEDERAL AND STATE**  
15 **LAW**

16 **Q. Have you had an opportunity to review that portion of Mr. Rathbun's**  
17 **prefiled testimony which requests that the Commission assess a monetary**  
18 **penalty of \$125,000 against PSE for alleged violations of RCW 80.28.210**  
19 **and/or 49 CFR § 192.463(a).**

20 A. Yes.

21 **Q. What is PSE's position with respect to the claimed violation and penalty?**

22 A. PSE has not violated either the RCW or the CFR and, as a consequence, asks that  
23 the Commission not impose a monetary fine of any kind. As will be shown in the  
24 prefiled testimony of James Hogan and Dennis Burke, PSE, by law, had ninety  
25 (90) days to take remedial action from the point at which it discovered the mis-

1           wired Rectifier. Additionally, as PSE was operating under the codes and  
2           regulations, it was not operating an unsafe system. By the WUTC Staff's own  
3           admission, PSE repaired the cross-wired rectifier immediately upon discovery.  
4           Additionally, PSE knew of the cathodic protection problem no sooner than sixty-  
5           four (64) days prior to repairing the cross-wired Rectifier. Thus, under any  
6           factual scenario, the conduct, as alleged in this docket, cannot constitute the basis  
7           for a violation. Because PSE fixed the Rectifier as soon as the cross-wiring was  
8           discovered and did not delay the repair or notification of WUTC Staff, PSE  
9           respectfully requests that the Commission reject the Staff's claim for a \$125,000  
10          fine.

11   **Q.    Does this conclude your testimony?**

12    **A.    Yes, it does.**