

Woodard, Marina (UTC)

From: Koch, Cathy [cathy.koch@pse.com]
Sent: Thursday, December 02, 2010 4:13 PM
To: Lykken, David (UTC)
Cc: Woodard, Marina (UTC); Henderson, Duane A; Hobbs, Michael G; Subsits, Joe (UTC)
Subject: PG-030080_PG-030128 Bare Steel Program UTC letter
Attachments: PG-030080_PG-030128 Bare Steel Program UTC letter 12012010.pdf

Dave,
Per our conversation on 12/2/2010, the following letter is attached regarding the remaining years of the bare steel replacement program.

Please let me know if you have any further questions.

Thanks

Catherine Koch, P.E.
Manager of Compliance and Regulatory Audits
Puget Sound Energy
425.462.3877
cathy.koch@pse.com

RECEIVED *via*
ema.1
DEC 02 2010
W. O.
Pipeline Safety Division

This message is intended only for the individual and entity to which it is addressed and may contain information that is privileged, confidential, and exempt from disclosure under state and federal laws. If you are not the addressee or are not authorized to receive for the intended addressee, you are hereby notified that you may not use, copy, distribute, or disclose to anyone this message or the information contained herein. If you have received this message in error, immediately advise the sender by reply e-mail and destroy this message. Thank you for your cooperation.

RECEIVED
DEC 02 2010
Puget Sound Energy

December 1, 2010

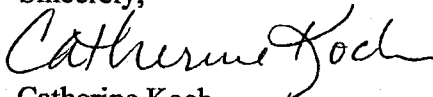
David Lykken
Director Pipeline Safety
Washington Utilities and Transportation Commission
Pipeline Safety Section
1300 S. Evergreen Park Drive S.W.
PO Box 47250
Olympia, WA 98504-7250

Dear Mr. Lykken:

The purpose of this letter is to confirm our understanding of the discussion at our November 2, 2010 monthly meeting regarding the remaining four years of the bare steel replacement program per PG-030080/PG-030128. As mentioned, PSE continues to be ahead of schedule on the overall replacement effort and maintains the commitment to complete the program by December 31, 2014. Looking at the remaining four years, it is becoming more difficult to differentiate risk between segments of pipe as the riskiest segments have already been replaced. Coupled with the restrictions on replacements due to public improvement projects the differentiating method is resulting in less efficient identification of projects (i.e., short sections of replacement instead of replacing all that remains in the local area) which is creating greater impact to the neighbors and jurisdictions. Based on the November 2nd discussion, PSE understands that the company will be afforded more discretion in identifying suitable scope of replacement projects to allow more consideration to overall project efficiency and impact on neighborhoods. Again, this will not impact the completion of the program by the end of 2014.

We appreciate the opportunity to review this program with you and look forward to continuing our mutual objective of improving pipeline safety. Should you have any questions or desire to discuss further, please contact me at (425) 462-3877 or Duane Henderson at (425) 462-3974 who oversees the program.

Sincerely,



Catherine Koch
Manager Electric and Gas Compliance and Regulatory Audits

cc: Duane Henderson, Manager Gas System Integrity
Michael Hobbs, Director Compliance and Safety