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March 9, 2009

Dave Danner, Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

Attn: Anne F Soiza, Pipeline Safety Director

Subject: 2008 Standard Inspection of Thurston/Lewis Counties Distribution System
(Docket No. PG-080032)


Dear Ms. Soiza:

Pursuant to Docket No. PG-080032, Puget Sound Energy (PSE) further submits the following clarification to those items requested in your letter of September 25, 2008 under the heading of **DRAFT AGREEMENT CONDITIONS**.

PSE looks forward to entering into an agreement to close this docket and to begin the process of drafting a WUTC order. PSE understands that such an agreement will resolve all of the probable violations, areas of concern, and any other conditions noted in the September 25, 2008 letter.

If you have any questions, please call me at 425-462-3967.

Sincerely,



Helge Ferchert
Manager, Compliance and Regulatory Audits, Gas

Cc: Sue McLain
Harry Shapiro
Mike Hobbs
Duane Henderson
Bert Valdman
Tom DeBoer
Eric Markell

WUTC Response

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.

PSE Response:

No further response required.

WUTC Response

1(c). We accept your response but disagree with your contention that PSE procedures were followed. Our discussion 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.

PSE Response:

PSE has reviewed the applicable field procedures with the appropriate staff to ensure that relief valves are fully inspected for operability following events of this nature.

WUTC Response

2(a) (b) (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 until the risers were discarded.

PSE Response:

While PSE did provide the records as noted in our earlier response, we agree that atmospheric corrosion did exist and was not properly documented on the inspection forms. PSE has taken this opportunity to review standards and procedures related to the identification and documentation of atmospheric corrosion with the appropriate field staff.

PSE regrets that the service risers were discarded. PSE had requested that field staff retain the risers; however this communication was not clearly relayed to the field personnel, resulting in the error. PSE has reviewed this matter with its service provider to ensure that specific instructions and related actions are strictly followed.

WUTC Response

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.

PSE Response:

No further response required.

WUTC Response

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.

PSE Response:

Prior to the end of 2008, PSE reviewed this matter with field staff responsible for the inspection of service lines. As part of PSE's Hard to Reach Location (H2RL) inspection program, field staff are now prompted to document on the inspection form that that each location has been checked for an outside shut off valve. If no shut off valve is found, a work order will be created to have one installed. In addition, as part of their continuing surveillance responsibilities, gas operations field staff has received further training in the requirements for service shut off valves, including the proper documentation and follow-up requirements. PSE feels that the aforementioned actions will appropriately ensure compliance.

WUTC Response

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 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.

PSE Response:

PSE agrees that the 90 day requirement was not met on these locations. As indicated above, the low reads were identified as part of the critical bond inspection program, however, the procedure for documenting these low reads and subsequently initiating a corrective work order was not followed. Rather, the inspection personnel relied on verbal communication that the services were to be replaced. When this work was not completed as planned, there was no work order to flag that additional work was required. PSE has further enhanced its internal process and provided additional instruction to field staff in the proper documentation of low cathodic protection reads.

WUTC Response

5. We accept your response.

PSE Response:

No further response required.

WUTC 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.

PSE Response:

No further response required.

WUTC Response

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

PSE Response:

No further response required.