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1 BEFORE THE WASHINGTON STATE
2 UTILITIES AND TRANSPORTATION COMMISSION
3 WASHINGTON UTILITIES AND)
4 TRANSPORTATION COMMISSION,) DOCKET NO. PG-041624
5 Complainant,) Volume I
6) Pages 1 to 30
7) vs.)
8 PUGET SOUND ENERGY,)
9) Respondent.)
10 _____)

11 A hearing in the above matter was held on
12 September 15, 2004, from 3:00 p.m to 3:40 p.m., at 1300
13 South Evergreen Park Drive Southwest, Room 206, Olympia,
14 Washington, before Administrative Law Judge ANN RENDAHL
15 and Chairwoman MARILYN SHOWALTER and Commissioner
16 PATRICK J. OSHIE.

17 The parties were present as follows:

18 THE COMMISSION, by DONALD T. TROTTER,
19 Assistant Attorney General, 1400 South Evergreen Park
20 Drive Southwest, P.O. Box 40128, Olympia, Washington
21 98504-0128, Telephone (360) 664-1189, Fax (360)
22 586-5522, E-mail dtrotter@wutc.wa.gov.

23 PUGET SOUND ENERGY, by JAMES E. WILLIAMS,
24 Attorney at Law, Perkins Coie LLP, 1201 Third Avenue,
25 Suite 4800, Seattle, Washington 98101-3099, Telephone
(206) 359-3543, Fax (206) 583-8500, E-mail
jwilliams@perkinscoie.com.

CITY OF BELLEVUE, by LORI M. RIORDAN, Deputy
City Attorney, City Attorney's Office, City of Bellevue,
11511 Main Street, P.O. Box 90012, Bellevue, Washington
98009-9012, Telephone (425) 452-6829, Fax (425)
452-7256, E-mail lriordan@ci.bellevue.wa.us.

Joan E. Kinn, CCR, RPR

Court Reporter

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6 KIM WEST

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8 KUANG-SHI CHU

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1 P R O C E E D I N G S

2 CHAIRWOMAN SHOWALTER: Good afternoon. This
3 is an emergency adjudication before the Washington
4 Utilities and Transportation Commission. The docket is
5 PG-041624. It is a complaint by the Commission against
6 Puget Sound Energy arising out of the circumstances of
7 the explosion on September 2nd at a house in Bellevue,
8 Washington. I'm Marilyn Showalter, I'm the Chair of the
9 Commission. With me is Commissioner Pat Oshie and also
10 Administrative Law Judge Ann Rendahl. Commissioner
11 Hemstad will not be at the hearing today.

12 The purpose of an emergency adjudication is
13 to determine whether there is an immediate danger to the
14 public health, safety, or welfare, whether certain
15 actions are necessary to prevent or avoid that danger,
16 and in particular to ensure that the causes of the
17 September 2nd explosion have not led to other unsafe
18 conditions in the vicinity.

19 Because this is an adjudication,
20 Administrative Law Judge Rendahl will preside, so at
21 this point I will turn it over to her.

22 JUDGE RENDAHL: Good afternoon. After we
23 take the appearances of the parties and others that are
24 appearing today, I will make a brief statement about the
25 reasons that we're appearing here today for this

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1 hearing, and then we'll address a joint stipulation or
2 joint submission that's been submitted by Commission
3 Staff and Puget Sound Energy and hear from attorneys
4 representing PSE, Staff, and other parties or others
5 concerning that joint submission. And I understand that
6 Staff and PSE have persons available to answer questions
7 or appear as witnesses this afternoon if need be to
8 answer questions concerning the submission and the
9 events surrounding the September 2nd explosion.

10 Just a preliminary, I would appreciate it if
11 everyone would turn off their cell phones during this
12 hearing or turn them to vibrate and to refrain from
13 holding side conversations during the hearing so that we
14 can keep noise in the hearing room to a minimum. And
15 for those who are participating in the hearing, if you
16 could speak directly into the microphone. When the red
17 button is up, it is on, and when it is down, it is
18 muted. And for those who are listening on the
19 Commission's bridge line, if you could identify yourself
20 when you speak, then we'll know who is speaking.

21 Before we go any farther, let's take
22 appearances, and so we will need you to state your name,
23 the party you represent, your full address, telephone
24 number, fax number, and E-mail so we can get a full
25 record for our list of parties, master service list. So

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1 let's begin with Commission Staff.

2 MR. TROTTER: For the Commission, my name is
3 Donald T. Trotter, I'm an Assistant Attorney General.
4 My address is 1400 South Evergreen Park Drive Southwest,
5 P.O. Box 40128, Olympia, Washington 98504-0128. My
6 phone number is (360) 664-1189, fax is (360) 586-5522,
7 and my E-mail is dtrotter@wutc.wa.gov.

8 JUDGE RENDAHL: And for Puget Sound Energy.

9 MR. WILLIAMS: This is James Williams
10 representing Puget Sound Energy. I'm with the Perkins
11 Coie firm in Seattle. My address is 1201 Third Avenue,
12 40th Floor, Seattle, Washington 98101-3099. Phone is
13 (206) 359-3543, fax is area code (206) 583-8500, E-mail
14 is jwilliams, that's W-I-L-L-I-A-M-S, @perkinscoie.com.

15 JUDGE RENDAHL: Thank you.

16 Is anyone else appearing for PSE this
17 afternoon?

18 MR. WILLIAMS: Yes, we have company
19 representatives here to answer questions.

20 JUDGE RENDAHL: Okay, thank you very much.

21 And is there any other person in the hearing
22 room wishing to state an appearance?

23 MS. RIORDAN: Thank you, I am Lori Riordan,
24 that's R-I-O-R-D-A-N. I'm appearing on behalf of the
25 City of Bellevue, which has filed a petition to

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1 intervene in these proceedings. My address is 11511
2 Main Street, Post Office Box 90012, Bellevue, Washington
3 98009-9012. Telephone is (425) 452-6829, fax is (425)
4 452-7256, and my E-mail address is
5 lriordan@ci.bellevue.wa.us.

6 JUDGE RENDAHL: Thank you.

7 MR. WILLIAMS: Your Honor, there is one other
8 thing I would mention, the CEO of the company is here,
9 Mr. Reynolds, as well.

10 JUDGE RENDAHL: Okay, thank you very much.

11 The Commission has received the City of
12 Bellevue's petition for intervention. Does any party
13 object to this petition for intervention?

14 MR. WILLIAMS: No.

15 JUDGE RENDAHL: Hearing no objection, it
16 shall be granted, so the City of Bellevue is a party to
17 the proceeding.

18 Now I will note that I did receive a copy of
19 the motion because it was faxed to the Commission's
20 Secretary. If the City has not yet filed the petition
21 with our records center, if you could please do so
22 either by mail today or fax and send a copy by E-mail to
23 records@wutc.wa.gov, that would be very helpful.

24 Now the Commission filed a complaint against
25 PSE on September 13th which alleges certain facts

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1 concerning the September 2nd, 2004, explosion. The
2 complaint alleges that a hole in the service line to the
3 house allowed natural gas to leak out of the service
4 line into the house and that the leak in the service
5 pipe to the house was caused by corrosion. The
6 complaint further alleges that a corrosion control
7 device known as a rectifier was incorrectly configured
8 in such a way to promote, not reduce, corrosion of steel
9 natural gas service lines serving the area in Bellevue
10 where the explosion occurred.

11 Consistent with the complaint, the Commission
12 issued a notice of emergency adjudication on September
13 13th initiating this emergency hearing. The Commission
14 seeks to clarify a statement in the first paragraph of
15 the notice. The notice states, and I quote:

16 The complaint alleges that PSE
17 incorrectly installed a VASC Park
18 Rectifier that caused the September 2nd,
19 2004, explosion at the house located at
20 16645 Southeast 26th Place, Bellevue,
21 Washington.

22 The notice should have read:

23 The complaint alleges that corrosion in
24 the service line caused the September
25 2nd, 2004, explosion at the house

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1 located at 16645 Southeast 26th Place,
2 Bellevue, Washington, and that the
3 incorrect configuration of a VASC Park
4 Rectifier may have caused a dangerous
5 condition which may present an immediate
6 danger to the public health, safety, and
7 welfare.

8 With that, is there anything else we need to
9 discuss before hearing from the parties concerning the
10 agreed submission?

11 Mr. Trotter, would you like to start.

12 MR. TROTTER: Surely, Your Honor, thank you.
13 PSE and Commission Staff filed about an hour and a half
14 ago an agreed submission which you should have before
15 you. The City of Bellevue is not a signatory. By the
16 same token, they were not involved in the discussions.
17 I think one of the purposes behind this was to make this
18 hearing go as efficiently as possible and to get to a
19 just result on an emergency basis.

20 I would just explain briefly that the
21 Statement of Facts, Section II in this submission is
22 almost verbatim the fact statement in the complaint.
23 Any changes are completely immaterial. There is a
24 section Roman Numeral III called Other Matters. 3.1
25 clarifies what Your Honor just clarified regarding the

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1 rectifier. 3.2 addresses privileges and other related
2 issues. And then Section IV is the action that PSE and
3 Staff agree is appropriate. All of this, of course, is
4 subject to your review and approval and consideration.
5 But Section IV is the same as the emergency remedies
6 listed in the complaint as items 1 through 9 with two
7 exceptions.

8 The first relates to in the submission on
9 page 4, item (b), 4.1(b), that corresponds to item 2 in
10 the complaint. And our witnesses can describe in detail
11 why this was changed, but this deals with what types of
12 actions PSE will take in response to leaks that are
13 found. The complaint had a ten day turn around, and
14 this tightens that up and adds some features regarding
15 the call before you dig law and so on, but the witnesses
16 may be able to address that in more detail and why item
17 (b) is reasonable.

18 The second is item (h), which again
19 corresponds with item 8 in the complaint, Paragraph 29,
20 Item 8 in the complaint, and I believe the only change
21 is the last sentence, which makes clear that the next
22 leak survey of the mains and lines in the area needs to
23 occur on or before October 4th, but that the inspection,
24 the leak survey, excuse me, that they did immediately
25 following the explosion doesn't count, that there will

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1 be an additional one between now and October 4th to have
2 a 30 day cycle going. It's our understanding the
3 company did do a leak survey of the homes in the area
4 immediately after the explosion. So those are the two
5 changes.

6 There is one other, the complaint alleged
7 there were 2,400 homes served by the rectifier in
8 question, and you will note here that it's been changed
9 to 2,600 based on updated and more accurate information.

10 So I believe that's the long and the short of
11 it. It is here for your consideration, and we intend to
12 present Ms. Kim West and Mr. Kuang Chu to answer
13 questions. I also have some photographs if you're
14 interested, we can make you -- give you a brief
15 presentation on the physical evidence near the house
16 that was found to show you graphically the hole and what
17 likely transpired.

18 So we're at your disposal in terms of what
19 type of presentation you require at this time.

20 JUDGE RENDAHL: Okay, at this point I would
21 like to hear from PSE and also from the City of
22 Bellevue, and then we'll consider what else we need in
23 this proceeding.

24 Mr. Williams.

25 MR. WILLIAMS: Thank you, Your Honor. At

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1 this time I would actually like to have Mr. Reynolds
2 come forward, I think it's appropriate for him to make a
3 few comments to the Commission, he would like to address
4 you.

5 JUDGE RENDAHL: All right, and we will be
6 swearing him in as a witness in the proceeding?

7 MR. WILLIAMS: No, he's not here to answer
8 questions, he wants to make just a general statement on
9 behalf of the company.

10 CHAIRWOMAN SHOWALTER: This is an
11 adjudication, and the lawyers can make appearances, but
12 other people are witnesses. And it will be necessary if
13 Mr. Reynolds would like to make a statement to be sworn
14 in, and I'm sure he will be truthful.

15 MR. WILLIAMS: Yes.

16 MR. REYNOLDS: I'm happy to be sworn in.

17 JUDGE RENDAHL: Okay, if you would just check
18 and make sure the red button is up on your microphone.

19 Would you please state your full name and
20 address for the record.

21 MR. REYNOLDS: My name is Stephen P.
22 Reynolds, Bellevue, Washington.

23 JUDGE RENDAHL: And would you raise your
24 right hand, please.

25 (Witness Stephen P. Reynolds was sworn.)

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1 JUDGE RENDAHL: Please go ahead.

2

3 Whereupon,

4 STEPHEN P. REYNOLDS,

5 having been first duly sworn, was called as a witness

6 herein and was examined and testified as follows:

7

8 MR. REYNOLDS: Thank you, Your Honor and
9 Commissioners and City of Bellevue and Commission Staff.

10 Just a few comments from me. One, I want to speak from
11 the standpoint of the CEO of the company and on behalf
12 of the board of directors to make it abundantly clear to
13 all parties that as a utility, safety is our number one
14 priority. In addition to safety, it's concerns about
15 anxiety to our customers associated with the quality of
16 service we provide. We are absolutely committed to and
17 believe we have an impeccable level with regard to
18 safety, and we're committed to try to immediately to
19 work with all parties involved, determine causes and
20 remedies associated with this unfortunate incident. And
21 from that standpoint, we are prepared to move as rapidly
22 and quickly as we can, and I applaud the settlement
23 today as an example of something that will allow all
24 parties to expeditiously move to provide whatever
25 appropriate remedies are necessary.

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1 Thank you.

2 JUDGE RENDAHL: Thank you.

3 Is there any party, Staff or the City, that
4 has questions for Mr. Reynolds?

5 Commissioners?

6 CHAIRWOMAN SHOWALTER: Not at this time.

7 We would like to hear from the City of
8 Bellevue as to your view of the proposed agreement.

9 MS. RIORDAN: Thank you. I just had a chance
10 to look at it as I came in the door because it was being
11 prepared while we were in transit on the way down here,
12 but I have spoken with Mr. Trotter about it, I have
13 looked at it, it does look quite similar to the
14 complaint. And if you have an opportunity to read the
15 City's petition on intervention, we are not seeking to
16 raise any new issues, and we are in agreement with the
17 remedies proposed by your Staff and in fact are pleased
18 with the amendments that are basically proposed here in
19 this agreed submission. So the City is prepared to
20 support this.

21 JUDGE RENDAHL: Well, let's be off the record
22 for a moment while we determine how we wish to proceed
23 further in this proceeding. We will be off the record
24 for a moment.

25 (Discussion on the Bench.)

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1 JUDGE RENDAHL: We would like to bring
2 forward witnesses from Staff and the Company, because
3 the Commissioners do have a few questions that they
4 would like to have answered. So if the Staff witnesses
5 could come forward to the table, we will have you state
6 your names into the record and swear you in as
7 witnesses, and the Commissioners will ask questions as a
8 panel of the Company and Staff witnesses, so please come
9 forward.

10 MR. TROTTER: Your Honor, I do have their
11 qualifications in exhibit form. I would be happy to
12 pass those out so the record will show. Rather than
13 orally go through the qualifications of each witness, I
14 would offer the exhibits.

15 JUDGE RENDAHL: All right, I would also -- I
16 guess I have a question if PSE, Bellevue, and Staff
17 would like the agreed submission to be considered a
18 pleading or an exhibit in this emergency adjudication?

19 MR. TROTTER: I have no preference, Your
20 Honor.

21 MR. WILLIAMS: Whatever is easiest for you,
22 Your Honor.

23 JUDGE RENDAHL: I think as a pleading it's
24 sufficient. It's in the nature of a settlement, so I
25 think that's sufficient.

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1 Is there any objection to the qualifications
2 of the Staff witnesses being admitted?

3 MR. WILLIAMS: No objection, Your Honor.

4 JUDGE RENDAHL: All right.

5 Mr. Trotter, if you can provide a copy to the
6 City and to the Company, that would be helpful. And for
7 purposes of marking, I will mark, let's see, let's have
8 the Staff witnesses identify themselves first, beginning
9 with you, Ms. West.

10 MS. WEST: My name is Kim West, and I work at
11 1300 South Evergreen Park Drive Southwest, Olympia,
12 Washington, that's 98504-7250.

13 JUDGE RENDAHL: Okay, I think that's
14 sufficient.

15 And the other Staff witness.

16 MR. TROTTER: Could I just ask the witnesses
17 to make sure the microphone is right up close, thanks.

18 MR. CHU: My name is Kuang Chu.

19 JUDGE RENDAHL: And if you can spell that,
20 please, for the record.

21 MR. CHU: K-U-A-N-G, actually my full name is
22 Kuang-Shi, S-H-I, and C-H-U is my last name.

23 JUDGE RENDAHL: Wonderful, thank you.

24 MR. CHU: I work at 1300 South Evergreen Park
25 Drive Southwest, Olympia, Washington 98504-7250.

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1 JUDGE RENDAHL: Okay, thank you.

2 So for purposes of marking, we'll mark
3 Ms. West's qualifications as Exhibit 1 and Mr. Chu's
4 qualifications as Exhibit 2.

5 And is there any objection to admitting those
6 into the record?

7 MR. WILLIAMS: No objection, Your Honor.

8 MS. RIORDAN: No objection.

9 JUDGE RENDAHL: All right, they will be
10 admitted.

11 And for purposes of identifying the company's
12 witnesses, Mr. Williams, who do you have here?

13 MR. WILLIAMS: We have with us Ms. Sue McLain
14 to act as the Company's primary witness. We also have
15 Jim Hogan here if necessary, but we want most of the
16 questions to be directed to Ms. McLain.

17 JUDGE RENDAHL: All right. And Ms. McLain,
18 if you could state your name, spell it, and state your
19 address for the record, please.

20 MS. MCLAIN: Sue McLain, M-C capital L-A-I-N,
21 Senior Vice President Operations, Puget Sound Energy,
22 address is P.O. Box 97034, Mail Stop PSE-12W, Bellevue,
23 Washington 98009-9734, phone number (425) 462-3696.

24 JUDGE RENDAHL: Thank you.

25 And Mr. Hogan.

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1 MR. HOGAN: My name is James P. Hogan, I am
2 the Manager of Standards and Compliance for Puget Sound
3 Energy. My work address is P.O. Box 90868, Mail Stop
4 XRD-LL, Bellevue, Washington 98009. My phone number is
5 (425) 462-3957, my fax is (425) 462-3770.

6 JUDGE RENDAHL: Thank you.

7 And Ms. West, Mr. Chu, Ms. McLain, and
8 Mr. Hogan, if you would please raise your right hand.

9 (Witnesses Kim West, Kuang-Shi Chu, Sue
10 McLain, and James P. Hogan were sworn.)

11 JUDGE RENDAHL: Okay, I understand there are
12 a few questions for these witnesses.

13

14 Whereupon,

15 KIM WEST, KUANG-SHI CHU, SUE MCLAIN, and

16 JAMES P. HOGAN

17 having been first duly sworn, were called as witnesses
18 herein and were examined and testified as follows:

19

20 E X A M I N A T I O N

21 BY CHAIRWOMAN SHOWALTER:

22 Q. I have one question, I think maybe,
23 Ms. McLain, you're the best person to answer, but the
24 agreed action calls for the company to develop a
25 communications plan within ten days, and I recognize you

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1 may not have developed a plan completely, but it calls
2 for the company to alert affected customers that there
3 may be a problem. How are you planning to alert them,
4 is this by mail, by door to door, by a hanger on the
5 door?

6 A. (Ms. McLain) We anticipate working with both
7 the City of Bellevue and with Commission Staff in order
8 to determine the best methodology. We are open to a
9 variety of routes, whether it is door to door, via
10 telephone, community meetings, written materials as
11 well, and so we are open to any and all methods of
12 communication.

13 Q. So you haven't settled on a way or a set of
14 ways yet?

15 A. (Ms. McLain) No, we have a variety of ways,
16 and we are willing to implement all or a portion of
17 those in the best interests of the other parties as
18 well.

19 CHAIRWOMAN SHOWALTER: Thank you.

20 COMMISSIONER OSHIE: Thank you, Madam Chair.

21

22 E X A M I N A T I O N

23 BY COMMISSIONER OSHIE:

24 Q. Just a couple questions, one to follow on the
25 Chair's question, Ms. McLain, and a bit of a background,

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1 how big of an area, geographic area, are we talking
2 about that's affected by this agreement? There's 2,600
3 homes, but is it just ball park a square mile or five
4 or?

5 A. (Ms. McLain) It's fairly densely populated,
6 however the rectifier does provide service or covers a
7 portion of the system that is several miles. I would
8 anticipate it's approximately a four or five mile by
9 four or five mile stretch.

10 Q. Thank you.

11 A. (Ms. McLain) And we do -- I do have some
12 boundaries, but I'm afraid I don't have the exact square
13 mileage.

14 Q. Well, that's fine for this hearing, I just
15 really wanted to get a feel for the size of the area
16 that we're talking about that's affected by this action.

17 I have a question, and it's really for the
18 panel, and it has to do with the intention of the
19 parties in Section 4.1(b) or Paragraph 4.1(b) of the
20 agreed submission, that's found on page 4. And in
21 Paragraph (b), it is the third sentence, and I will read
22 it just so that I'm clear and you're clear as to what it
23 is that I'm asking, and the sentence reads:

24 In the event that the source of a C Leak
25 can not be located via excavation, PSE

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1 will consult with Commission Staff on
2 next steps.

3 And that was, it's not necessarily ambiguous
4 as to what the parties mean by in the event that they
5 run into a C Leak that can not be located via
6 excavation, but what wasn't clear to me is really what
7 the circumstances were that the parties were envisioning
8 in which a leak wouldn't be detected via excavation.
9 What are we really talking about here?

10 A. (Ms. McLain) I would be happy to address
11 that. Leaks are classified, and a C Leak is a very,
12 very small amount of gas that is released and detected.
13 And in some cases, the porousness of the soil itself, if
14 perhaps it's a dry day you may observe a reading of gas
15 in the atmosphere, if it were to rain and tomorrow we
16 were to go out we may not be able to detect any gas
17 whatsoever. So what we were trying to identify is when
18 we observe a C Leak, and now we have begun the
19 excavation process, we have exposed the pipe in the area
20 that we believe the leak to be in, in some cases we may
21 not be able to find that leak in the portion of the
22 excavation, we will begin to travel and excavate further
23 up the line for many feet, and we will continue that
24 process. But if we are unable to locate the leak
25 itself, and again a very low level C Leak, we will

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1 consult with Staff on the appropriate next steps, should
2 we continue searching or what actions are appropriate.

3 Q. Does Staff have anything to add to
4 Ms. McLain's answer?

5 A. (Ms. West) No.

6 Q. Do you see this as an unusual circumstance?
7 At least it was my impression from the agreement the way
8 that it's drafted that --

9 A. (Ms. McLain) We anticipate that it will be a
10 very rare occurrence, but there are times at least that
11 we may not be able to locate, and we wanted to make
12 certain that if we were unable to locate the source of
13 the leak that we would be able to consult with Staff on
14 the appropriate next steps.

15 COMMISSIONER OSHIE: Thank you very much.

16

17 E X A M I N A T I O N

18 BY CHAIRWOMAN SHOWALTER:

19 Q. I'm still thinking a little bit about this
20 notification plan, and I trust particularly since it
21 will be developed with our Staff it will be good for
22 that time, that's ten days from now. Can you give me
23 some idea of the kinds of publicity that this event has
24 already received. And my concern is, if there is a
25 dangerous situation, what do people know today?

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1 Obviously if there is a smell of gas, that's one big
2 signal, but can -- I know there have been newspaper
3 articles, and maybe the City of Bellevue can add to
4 this, but are there -- is it likely that people in the
5 neighborhood already know of this event or not?

6 A. (Ms. McLain) Yes, let me describe some of
7 the steps that we have already taken. We have
8 immediately around the surrounding neighborhood, very
9 close proximity to the event, we had customer service
10 representatives going out door to door and talking with
11 customers the weekend following, well, the day and the
12 weekend following the event.

13 We also have technology within our company
14 where we were able to take a geographical area and phone
15 numbers for customers within that geographical area, we
16 were able to make an outbound calling statement to those
17 customers describing what had transpired and the steps
18 the company was taking. This was to approximately 600,
19 700 customers again in that immediate area.

20 We have used that system on several occasions
21 to keep customers notified of the steps that were taken,
22 additionally to advise them of a community meeting that
23 was held in conjunction with the City of Bellevue
24 representatives, and also Staff members were also
25 present and participated.

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1 Yesterday we expanded the scope of that
2 outbound calling system to advise customers, the full
3 2,600 or approximately 2,600 customers, of the status of
4 the situation, and we expect to use that system to help
5 in -- to help expand our communication efforts. So, for
6 example, if we have additional community meetings, we
7 can use that as a tool to notify the customers in that
8 specific area.

9 Q. And how many people attended the community
10 meeting?

11 A. (Ms. McLain) I believe there was
12 approximately 80 attendees.

13 Q. I think maybe you could also help me
14 understand, what is the nature of the physical testing
15 that you are doing, without getting overly technical?

16 A. (Ms. McLain) The physical testing of the
17 service or the pipeline, pipe itself?

18 Q. Of the pipe itself. In other words, how are
19 -- describe for me how you're going about determining
20 whether there are any other leaks.

21 A. (Ms. McLain) The -- what we have done to
22 date is perform a full leak survey of that area. We
23 have a third party contractor that is hired to perform
24 that survey work. A vehicle attached with or that is
25 fitted with devices that can detect gas across the

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1 entire front bumper of that vehicle basically would
2 drive the route of the main, the main pipeline. It
3 travels at speeds between three and five miles per hour,
4 and it can detect the -- if there is a gas -- any gas in
5 the atmosphere.

6 If gas is -- if a signal is received that gas
7 is present, the operator stops the vehicle, gets out of
8 the vehicle, and uses a hand-held device to locate the
9 source of the leak.

10 Additionally, each service going to a home is
11 hand walked or has been hand walked with a hand-held
12 device again to detect any natural gas levels.

13 CHAIRWOMAN SHOWALTER: Thank you.

14

15 E X A M I N A T I O N

16 BY JUDGE RENDAHL:

17 Q. I have a few questions, and the first one is
18 based on the complaint and the facts set forth in
19 Section II of the agreed submission, my understanding is
20 that there is a concern that there might be a dangerous
21 condition facing the public in Bellevue, and that's why
22 we're having this hearing today. I just wanted to make
23 sure that, in fact, there is a concern that requires us
24 to have this hearing today. If any of the witnesses can
25 speak to that issue in a sense confirming the facts in

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1 the complaint and the agreed submission that justify
2 emergency relief here today.

3 A. (Mr. Chu) This is Staff from the pipeline
4 safety section, Kuang Chu. There is a concern about the
5 safety of the people in that area because of this fire
6 incident, and we believe that additional precautionary
7 measures must be taken at the moment to ensure the
8 safety of the people living in that area, and that's why
9 we've got these action items that we want PSE to take in
10 this order. So yes, we have concern about safety of the
11 people.

12 Q. Okay, thank you.

13 And for the company?

14 A. (Ms. McLain) We believe that the steps
15 outlined here are appropriate given the issue and want
16 to make certain and explore every avenue and research
17 and investigate the cause.

18 Q. Okay.

19 And my other question is, can you point to me
20 the actions, the portions of the agreed action in
21 Section 4, 4.1 of the agreed submission, that focus on
22 the issue of whether there is a danger posed by the
23 incorrect configuration of the rectifier, what aspects
24 of the agreed action are intended to address that
25 question?

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1 A. (Ms. McLain) I believe it's in item (e) in
2 terms of the records relating to the installation and
3 maintenance of the rectifier, and item (h) in terms of
4 the additional leak surveys that would be conducted in
5 terms of are we seeing any additional anomalies or any
6 anomaly at all, and in item (i) as well.

7 Q. And how would the company determine the
8 condition of the coating; would that require excavation?

9 A. (Ms. McLain) Well, there is some technology
10 that we are -- that we are researching to see if it is a
11 viable candidate to be used in this situation, and I
12 believe that that is our -- that is why we have that
13 last sentence that, in this area, that PSE will work
14 with Commission Staff to determine the parameters.
15 There is some equipment that is typically used on
16 transmission pipeline sensing equipment that we don't
17 know if it will apply and work on a distribution system,
18 but we want to make that inquiry and look at
19 organizations that may be able to assist us in
20 performing that work.

21 Q. Okay, thank you.

22 Anything further from Staff?

23 A. (Ms. West) In our experience, whenever the
24 situation where rectifier leads are reversed, it not
25 only prevent the pipeline, steel pipeline systems to not

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1 be protected, it may actually accelerate corrosion in
2 some areas, and that's where our concern is. As
3 representatives of PSE have mentioned, that one way to
4 detect that is to go back and do leak surveys on the
5 system so we know that the system is working.

6 JUDGE RENDAHL: Okay.

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8 E X A M I N A T I O N

9 BY CHAIRWOMAN SHOWALTER:

10 Q. I think in that regard, we haven't dwelt on
11 one paragraph of the agreement, which says:

12 At this time, the Commission Staff
13 believes insufficient information is
14 available to conclude that there is a
15 causal link between the configuration of
16 the rectifier and the corrosion that
17 caused the explosion.

18 And the purpose I gather of the procedures
19 that are outlined in the rest of the agreement is to
20 gather sufficient information to determine what the
21 actual cause was, but that the purpose of this hearing
22 is simply to survey and make sure there is not an
23 emergency, and if there is one, or that is an emergency
24 condition, and if there is one to fix it. The getting
25 to the bottom of everything comes a little later.

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1 A. (Ms. West) That's true.

2 JUDGE RENDAHL: Are there any further
3 questions?

4 Any cross of any witnesses by the attorneys
5 here?

6 All right, well, let's be off the record for
7 a moment while we consult. We will be off the record.

8 (Discussion on the Bench.)

9 CHAIRWOMAN SHOWALTER: The Commission has
10 deliberated, and you can expect a written order shortly,
11 but I do want to inform the hearing room that the
12 Commission is persuaded by the agreed submission that
13 there may be grounds to believe an emergency exists,
14 that the steps in the agreement that are outlined there
15 we do approve as the steps necessary to determine
16 whether there is a dangerous situation, if so, what to
17 do about it. We also approve of the reporting
18 requirements that the Staff and this Commission and the
19 public will be kept informed of the steps taken.

20 We want to applaud the parties for their
21 ability to come to an agreement so quickly to address
22 the situation, because the less time spent arguing about
23 how to come to an agreement, the more time you can spend
24 addressing the on the ground conditions, and that's the
25 underlying concern.

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1 So you can expect a written order to this
2 effect a little more formally probably by tomorrow.

3 JUDGE RENDAHL: Or Friday.

4 CHAIRWOMAN SHOWALTER: Or Friday.

5 JUDGE RENDAHL: We would hope for tomorrow,
6 but one never knows how quickly we can move. We'll work
7 for tomorrow.

8 CHAIRWOMAN SHOWALTER: All right.

9 JUDGE RENDAHL: Is there anything further we
10 need to address this afternoon?

11 All right, hearing nothing, this hearing,
12 this emergency hearing will be adjourned. Thank you all
13 for appearing today on short notice, and an order will
14 be issued tomorrow.

15 All right, let's be off the record.

16 (Hearing adjourned at 3:40 p.m.)

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