

## Contractor Oversight

### 1. Overview

- Corporate Commitment
- Service Providers
- Organization for Contractor Oversight
- Metrics Management

### 2. UTC Questions & PSE Responses

## Corporate Commitment

Excerpts from Sue McLain's forwards to Standards Manuals

### Gas Operating Standards:

"The objective of this manual is to direct Puget Sound Energy employees, Service Providers, and contractors to adhere to the Operating Standards necessary to operate PSE's natural gas system safely and reliably. Compliance with these Operating Standards is mandatory to ensure reliability and to protect the safety of our communities.

By adhering to these Operating Standards, together we will continue to provide the highest level of safe, reliable, and efficient natural gas service. Thank you for your cooperation."

Signed by Sue McLain in 2007.

### Electric Line Work Practice Standards:

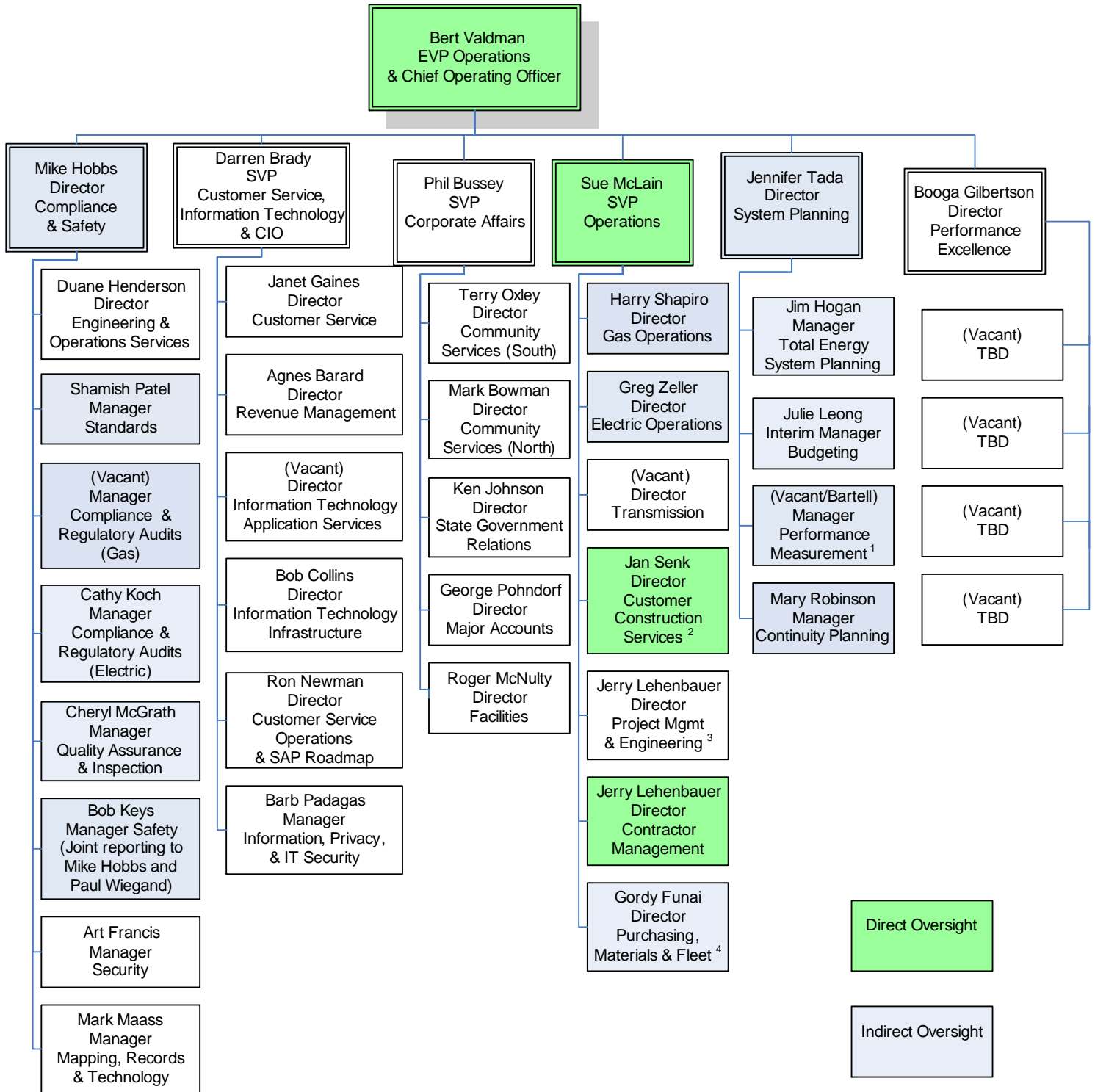
"These procedures are standards, not guidelines. Companywide compliance is mandatory for PSE employees, service providers, and contractors. Your cooperation is appreciated and essential to our success."

Signed by Sue McLain in 2007.

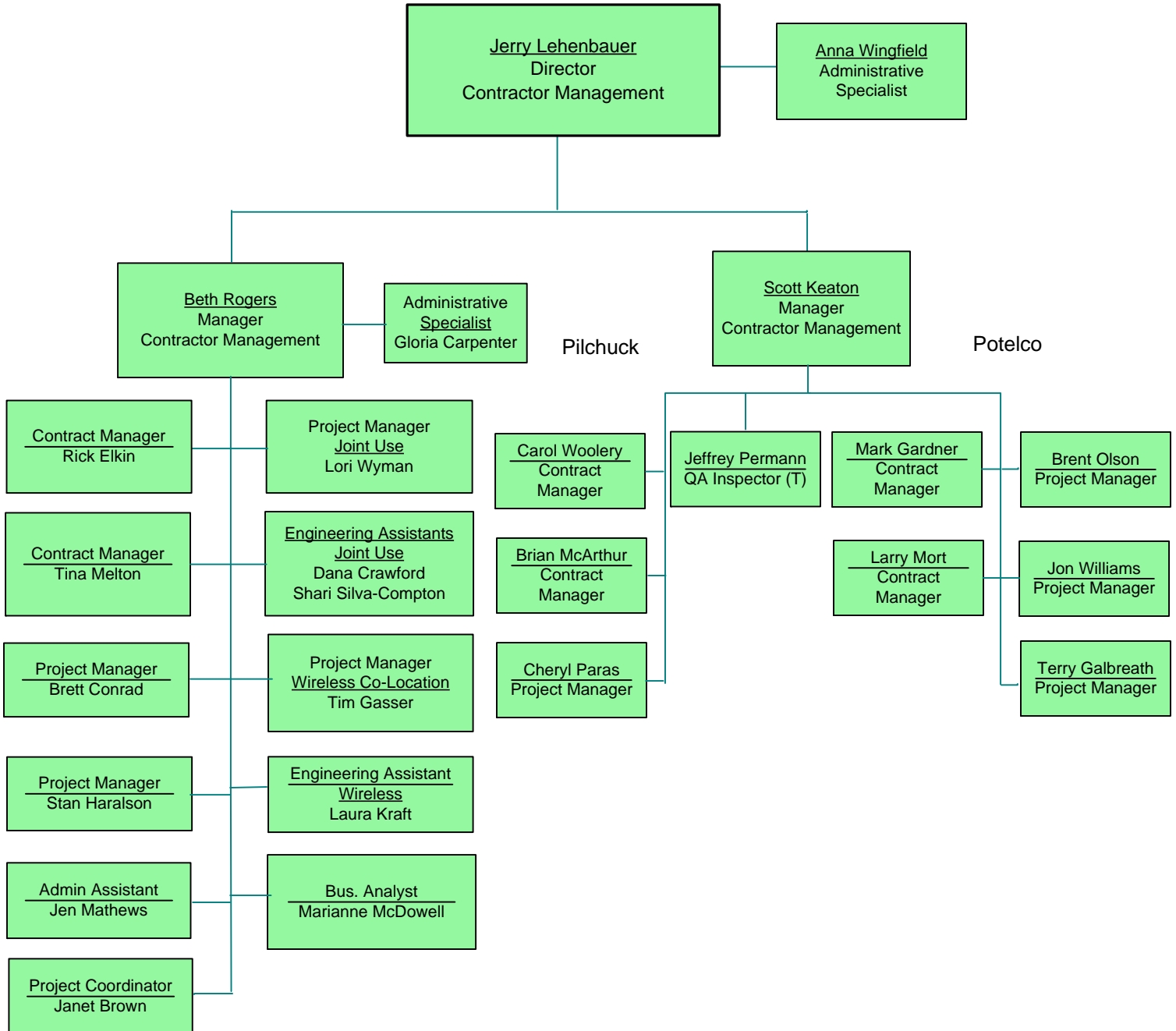
## Overview

Puget Sound Energy has contracts with six Service Providers:

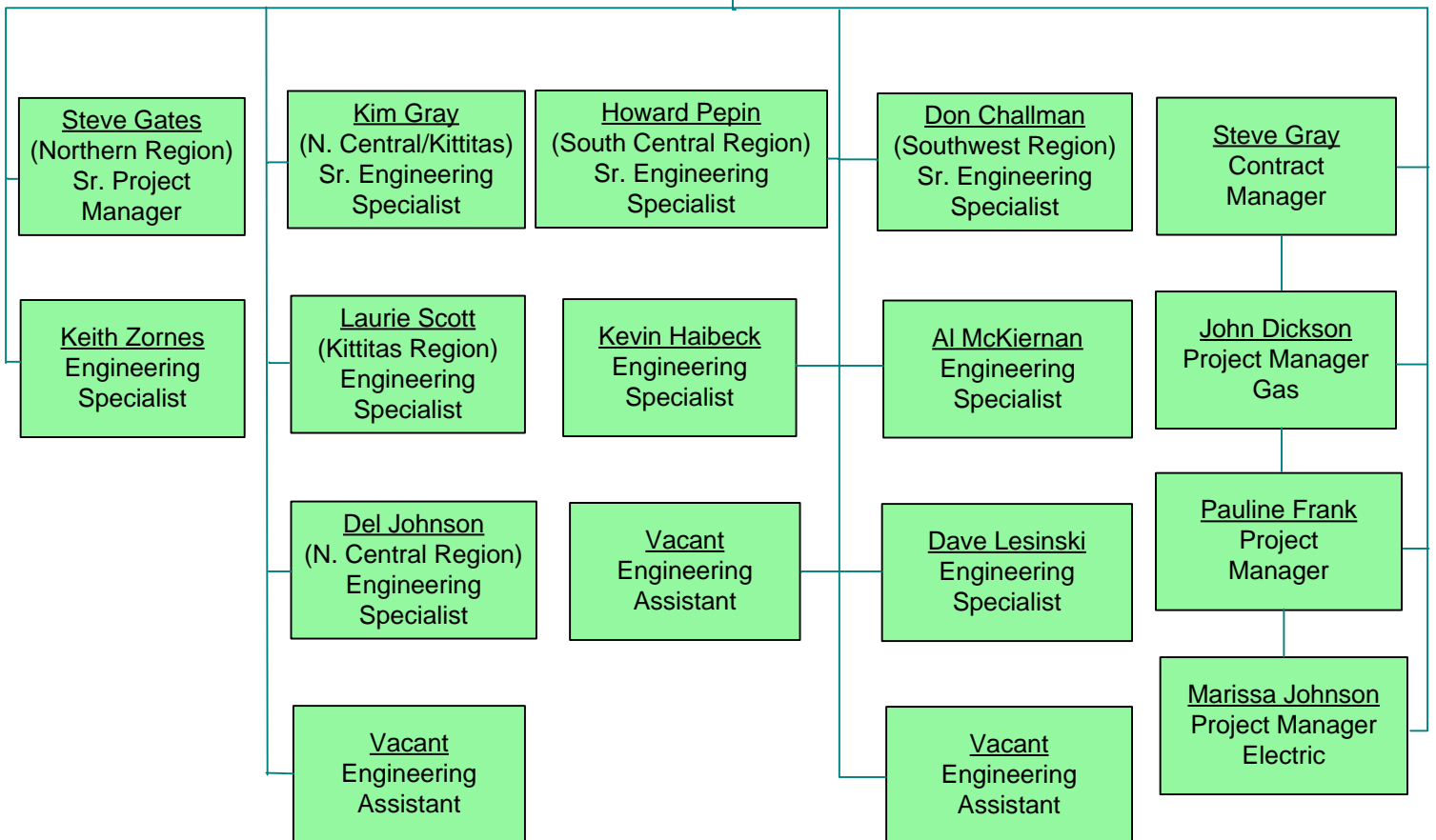
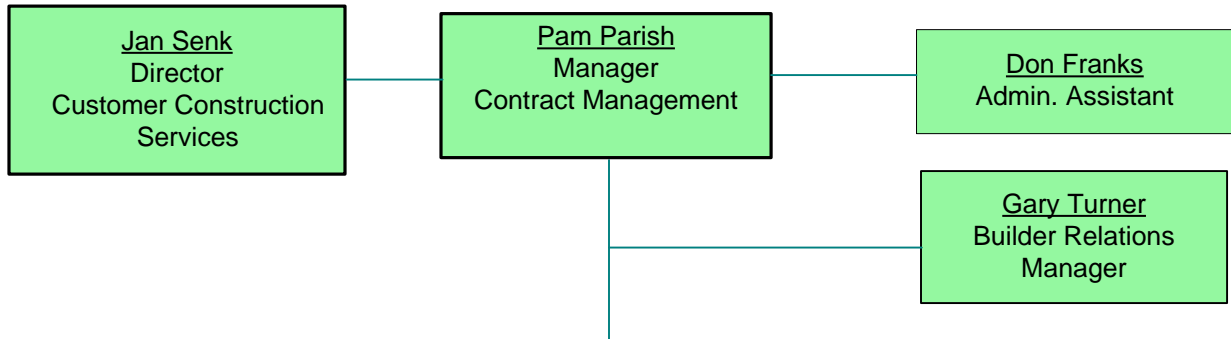
- **Asplundh Tree Experts:** Provide distribution and transmission line clearance, Tree Watch, hot spot, chemical application, bare ground sterilization, and forestry consulting services to support vegetation management program.
- **Central Locating Services:** Perform locating and marking services relating to PSE's underground facilities in Whatcom, Skagit, Island, Snohomish and King Counties.
- **Heath Consultants:** Provide resources to conduct gas leakage surveys to PSE's gas pipeline system.
- **Locating, Inc.:** Perform locating and marking services relating to PSE's underground facilities in Pierce, Thurston, Lewis, Kittitas, Kitsap and Jefferson Counties.
- **Pilchuck Contractors:** The Service Provider is expected to act on a request or work scope to provide work products to include Engineering Design, Permitting, Project Documentation/Data Integrity, Scheduling, Coordination, Project Management, Inspection, Materials Inventory/Management and Construction on routine matters. The following contracts further details the scope of the work:
  - New Customer Construction
  - Gas System Construction
  - Operation and Maintenance Service
- **Quanta/Potelco:** The Service Provider is expected to act on a request or work scope to provide work products to include Engineering Design, Permitting, Project Documentation/Data Integrity, Scheduling, Coordination, Project Management, Inspection, Materials Inventory/Management and Construction on routine matters. The following contracts further details the scope of the work:
  - Gas and Electric New Construction
  - Electric System Construction
  - Electric Operations & Maintenance
  - Storm Restoration
  - Street Lighting Work



# Contractor Management



# Customer Construction Services



## Metrics Management

Metric reporting and quality assurance is PSE's primary method to oversee how Service Providers perform tasks which are critical to our business and customers.

Metrics were developed with PSE's customer service, financial and operating goals in mind. The SQI's developed with the WUTC were also key considerations. PSE set these metrics with a balance of service and cost effectiveness. These metrics are the same whether the work is performed by a PSE employee or a Service Provider employee.

Each Service Provider provides PSE with some performance information, and PSE also gathers such information for these metrics. Information gathered from the Service Providers is verified for accuracy.

The attached metric reports are compiled at different intervals, depending on the Service Provider. Reports are reviewed by various management and in many cases review meetings are held with Service Provider Management and PSE personnel.

PSE management reviews these reports regularly for directional trends, key areas which may need to be examined for process improvement, transferring positive result processes to other Service Providers, standards and work process reviews and training opportunities.

The following attachments are samples of metric reports for all the various Service Providers demonstrating significant contractor oversight.

Attachment A Asplundh Metric report for year ending 2006.

Attachment B September 2007 Metric report for Locating, Inc.

Attachment C Heath Consultants report for Fourth Quarter 2006

Attachment D Pilchuck Metric Report Year to Date Through July 2007

Attachment E Quanta /Potelco Metric Report Year to Date Through July 2007

Vegetation Management Quarterly Report

	Goals Through 4rd Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	Total Yr./Date	Annual Goal	Weight	% complete	Scoring Procedure	Score
<b>4 Year (including TW)</b>											
Miles Completed	909.2	321.0	156.5	151.4	73.1	702.0	909.2	8	80%	0 or 100% of weight *	6.4
Costs	<b>REDACTED</b>										
Costs / Mile	<b>REDACTED</b>							8	80%	0-100% complete of weight score	6.4
<b>6 Year (including TW)</b>											
Miles Completed	963.0	161.5	165.3	379.2	220.0	926.0	963.0	8	80%	0 or 100% of weight *	6.4
Costs	<b>REDACTED</b>										
Costs / Mile	<b>REDACTED</b>							8	100%	0-100% complete of weight score	8.0
<b>Distribution Herbicide</b>											
Miles Completed	1206.5	676.5	37.4	150.0	0.0	863.9	1206.5	4	100%	0-100% complete of weight score	4.0
Costs	<b>REDACTED</b>										
Costs / Mile	<b>REDACTED</b>							4	100%	0-100% complete of weight score	4.0
<b>Transmission</b>											
Miles Completed	694.2	64.4	238.8	226.8	139.0	669.0	694.2	10	100%	0 or 100% of weight	10
Costs	<b>REDACTED</b>										
Costs / Mile	<b>REDACTED</b>							10	100%	0-100% complete of weight score	10.0
<b>Audit Results</b>											
Average Score	90% or higher	96.5%	96.0%	89.4%	94.5%	94.0%	90%	20	100%	90-100% = 100%; 80-90% = 50%; less than 80% = 0	20.0

**CONFIDENTIAL**  
per WAC 480-07-160



Vegetation Management Quarterly Report

	Goals Through 4rd Quarter	1st Quarter Actual	2nd Quarter Actual	3rd Quarter Actual	4th Quarter Actual	Total Yr./Date	Annual Goal	Weight	% complete	Scoring Procedure	Score	
<b>Customer Service</b>												
Major complaints	1 per region/quarter or less	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable	1 per region/quarter or less	5	100%	0 or 100% of weight	5.0	
<b>Hotspotting</b>												
Requests looked at within 2 weeks	8 or less deficiencies /quarter	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable	8 or less deficiencies /quarter	3	100%	0 or 100% of weight	3.0	
Customer Service Complaints	1/100 requests	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable	1/100 requests	2	100%	0 or 100% of weight	2.0	
<b>CUF's</b>												
Organize and plant one utility tree arboretum or RTRP planting event	Acceptable Response	None scheduled	None Scheduled	1 complete	All complete	Acceptable		2		(All scheduled but not completed. Full points awarded until last quarter)	0 or 100% of weight	2.0
Meet expectations of program. Certified Arborist within 12 months	Acceptable Response	4 CUF's still not certified	2 CUF's still not Certified	1 CUF not certified	All Certified	Acceptable		3		(no projects scheduled but full points awarded until last quarter)	0 or 100% of weight	3.0
<b>Storm Work</b>												
	Acceptable Response	Acceptable	Acceptable	Acceptable	Acceptable	Acceptable		5	100%	0 or 100% of weight	5.0	
* Storm work contributed significantly to not completing 4 and 6 year miles. 80% points available were awarded.							TOTAL	100			95.2	
						<b>Score</b>						
						90 - 100	Pass					
						80 - 89	Needs improvement, ATE presents action plan and/or explanation to PSE					
						Less than 80	Fail, Program review by PSE and ATE					

Locating, Inc. Ticket Tracking Report

Date	Ticket #	Issue	Comment	Company	Technician	Phone	City	Start	End	Start	End	Start	End	Start	End
8/31/07	7290584	YES	THIS IS AN ELECTRICAL MAIN REPLACEMENT. WE HAVE AN AGREEMENT WITH BILL TO WORK WITH THE CREW UNTIL THE COMPLETION OF THE JOB.	CANNON CONSTRUCTION COMPANY	BILL CANNON	(253)922-2787	LAKEWOOD	YES	10:51	YES	YES	YES	NO		
8/31/07	7297698	YES	THIS IS AN ONGOING STORM DRAIN PROJECT. WE HAVE AN AGREEMENT WITH SKIP TO WORK WITH THE CREW AS NEEDED UNTIL JOB IS COMPLETE.	WOODWORTH AND COMPANY	JEFF STEINER	(253)383-3585	FIRCREST	YES	8:58	YES	YES	YES	NO		
8/31/07	7306075	YES	THIS IS A ELECTRICAL MAIN REPLACEMENT. WE HAVE AGREEMENT WITH ERIC TO WORK WITH THE CREW UNTIL THE COMPLETION OF THE JOB.	POTELCO	ERIC HOLMGREN	(253)606-2544	OLYMPIA	YES	8:50	YES	YES	YES	NO		
8/31/07	7307237	YES	THE CONTRACTOR CALLED IN MULTIPLE TICKETS FOR GAS MAIN AND SERVICE REPLACEMENTS. WE HAVE AN AGREEMENT WITH SHARON TO WORK WITH THE CREW AS NEEDED UNTIL THE PROJECT IS COMPLETE.	PILOCHUCK	SHARON DAVENPORT	(253)841-8245 Ex: 100	LAKEWOOD	YES	18:37	YES	YES	YES	NO		
8/31/07	7312032	YES	THIS IS AN ONGOING STORM DRAIN PROJECT, UPDATED LOCATE TICKET. WE HAVE AN AGREEMENT WITH DAN TO WORK WITH CREW AS NEEDED.	HARLOW CONSTRUCTION	JEFF MILLER	(380)701-7342	OLYMPIA	YES	10:57	YES	YES	YES	NO		
8/31/07	7312824	YES	THIS CONTRACTOR CALLED IN MULTIPLE SITES COVERING OVER 4 MILES. HAVE AN AGREEMENT WITH MIKE TO WORK WITH CREW AS NEEDED UNTIL COMPLETION PROJECT.	SHARP LINE	MIKE CRAIG	509-535-4865	GLE ELUM	YES	15:20	YES	YES	YES	NO		
8/31/07	7314224	YES	INSTRUCTIONS ON TICKET ARE NOT CLEAR. CONTACTED TERRIE TO CLARIFY. SHE WILL CALL ME BACK WITH A MEET TIME AND WILL COMPLETE LOCATE AT THAT TIME.	DJS PLUMBING	TERRIE EAVEY	(380)738-8444	CHEHALIS	YES	8:13	NO	YES	YES	NO		
8/31/07	7314481	YES	THIS IS A TELE MAIN PROJECT. WE HAVE AN AGREEMENT WITH BILL TO WORK WITH THE CREW UNTIL THE COMPLETION OF THE JOB.	CANNON CONSTRUCTION COMPANY	BILL CANNON	(253)922-2787	PUYALLUP	YES	10:27	YES	YES	YES	NO		
8/31/07	7315268	YES	CONTRACTOR CALLED IN MULTIPLE TICKETS FOR TV SERVICE REPLACEMENTS. AGREEMENT WITH JOHN TO WORK WITH CREW AS NEEDED.	SKYLAR	JOHN ODEGARD	3604404905	GIG HARBOR	YES	8:20	YES	YES	YES	NO		
8/31/07	7315269	YES	CONTRACTOR CALLED IN MULTIPLE TICKETS FOR TV SERVICE REPLACEMENTS. AGREEMENT WITH JOHN TO WORK WITH CREW AS NEEDED.	SKYLAR	JOHN ODEGARD	3604404905	GIG HARBOR	YES	8:20	YES	YES	YES	NO		
8/31/07	7315273	YES	CONTRACTOR CALLED IN MULTIPLE TICKETS FOR TV SERVICE REPLACEMENTS. AGREEMENT WITH JOHN TO WORK WITH CREW AS NEEDED.	SKYLAR	JOHN ODEGARD	3604404905	GIG HARBOR	YES	8:20	YES	YES	YES	NO		
8/31/07	7315682	YES	ARRIVED ON SITE COULD NOT FIND CORRECT ADDRESS. CALLED KONNIE, SHE'LL CHECK ON ADDRESS AND CALL US BACK WITH THE CORRECT ADDRESS.	KONNIE ALLEN	KONNIE ALLEN	2538537879	GIG HARBOR	YES	8:18	NO	YES	YES	NO		
8/31/07	7315789	YES	THIS IS A TELE MAIN PROJECT. WE HAVE AN AGREEMENT WITH STAN TO WORK WITH THE CREW UNTIL THE COMPLETION OF THE JOB.	RAINIER VALLEY CONSTRUCTION	STAN CHOATE	(380)870-0570	UNIVERSITY PLACE	YES	1449	YES	YES	YES	NO		
8/31/07	7316166	YES	ARRIVED ON SITE COULD NOT FIND CORRECT ADDRESS. CALLED JASON, HE'LL CHECK ON ADDRESS AND CALL US BACK WITH THE CORRECT ADDRESS. JASON CALLED WE WILL MEET ON 08.	ALL AROUND	JASON (NO LAST NAME ON TICKET)	509-899-4593	SO CLE ELUM	YES	10:55	NO	YES	YES	NO		
8/31/07	7316718	YES	THE CONTRACTOR CALLED IN MULTIPLE TICKETS FOR GAS MAIN AND SERVICE REPLACEMENTS. WE HAVE AN AGREEMENT WITH SHARON TO WORK WITH THE CREW AS NEEDED UNTIL THE PROJECT IS COMPLETE.	PILOCHUCK	SHARON DAVENPORT	(253)841-8245 Ex: 100	TACOMA	YES	14:07	YES	YES	YES	NO		
8/31/07	7317267	YES	ARRIVED ON SITE UNABLE TO LOCATE DUE TO LOCKED GATE CALLED HARLENE. SHE SAID SHE'LL HAVE GATE UNLOCKED ON 04. OK WITH HER TO LOCATE THEN.	HARLENE AND GARY SCHAUB	HARLENE SCHAUB	(380)456-2001	OLYMPIA	YES	13:41	NO	YES	YES	NO		
8/31/07	7317905	YES	DUE TO A LARGE LOCATE AREA TECH CALLED AND SPOKE WITH CRAIG. CRAIG CHANGED THIS LOCATE REQUEST TO A MEET ONSITE FOR 06/07 AT 9:00AM.	GEOENGINEERS	D. CRAIG ROYER	(253)363-4940	OLYMPIA	YES	13:39	YES	YES	YES	NO		
8/31/07	7317909	YES	ARRIVED ON SITE, NO AREA MARKED IN WHITE. CALLED DON, HE WILL GET AREA MARKED AND CALL US BACK SO WE COMPLETE THIS LOCATE.	CANNON CONSTRUCTION	DON MCFARLAND	(206)510-1679	TACOMA	YES	13:46	NO	YES	YES	NO		
9/4/07	7290584	YES	THIS IS AN ELECTRICAL MAIN REPLACEMENT. WE HAVE AN AGREEMENT WITH BILL TO WORK WITH THE CREW UNTIL THE COMPLETION OF THE JOB.	CANNON CONSTRUCTION COMPANY	BILL CANNON	(253)922-2787	LAKEWOOD	YES	10:51	YES	YES	YES	NO		
9/4/07	7306075	YES	THIS IS AN ELECTRICAL MAIN REPLACEMENT. WE HAVE AN AGREEMENT WITH ERIC TO WORK WITH THE CREW UNTIL THE COMPLETION OF THE JOB.	POTELCO	ERIC HOLMGREN	(253)606-2544	OLYMPIA	YES	8:50	YES	YES	YES	NO		
9/4/07	7307237	YES	THE CONTRACTOR CALLED IN MULTIPLE TICKETS FOR GAS MAIN AND SERVICE REPLACEMENTS. WE HAVE AN AGREEMENT WITH SHARON TO WORK WITH THE CREW AS NEEDED UNTIL THE PROJECT IS COMPLETE.	PILOCHUCK	SHARON DAVENPORT	(253)841-8245 Ex: 100	LAKEWOOD	YES	18:37	YES	YES	YES	NO		
9/4/07	7312032	YES	THIS IS AN ONGOING STORM DRAIN PROJECT, UPDATED LOCATE TICKET. WE HAVE AN AGREEMENT WITH DAN TO WORK WITH THE CREW AS NEEDED.	HARLOW CONSTRUCTION	JEFF MILLER	(380)701-7342	OLYMPIA	YES	10:57	YES	YES	YES	NO		

Damage Investigations - Locating Marks - Accurate									
Investigator / Phone #	Investigator Remarks	Ticket #	Damage Investigation ID	Q-Manager/Info Code	Locator / Phone	Excavator Name	Excavator Phone #	Name of Person Causing Damage	Contact Phone #
Mike Safford 206-766-0154	A lot of marks have been eradicated in the work area due to construction, but there were several marks still visible all within 15' of discrepancy.	7303460	37554	B05 - DUG ON MARKS	Roger Lee 425-864-3242	CONSTRUCT CO	(253)826-2050	Unknown at this Time	Unknown at this Time
Mike Safford 206-766-0154	The map is incorrect, it shows the service coming off of a different pole then it actually is.	7309164	37572	C03 - INACCURATE RECORDS	Kal Poulson 253-377-6792	MIKE HARRISON CONSTRUCTION	(253)537-1626	Unknown at this Time	Unknown at this Time
Mike Safford 206-766-0154	The marks were accurate verified by Terry w/PSE, crew dug on marks.	MAN-LWA1-13878	37574	B05 - DUG ON MARKS	Kal Poulson 253-377-6792	A AND A EXCAVATING	(253)862-7587	Unknown at this Time	Unknown at this Time
Mike Johnson 380-507-3944	The crew dug without locates.	N/A	37576	B01 - DID NOT REQUEST LOCATES	N/A	SUNRISE LANDSCAPING	Unknown at this Time	Unknown at this Time	Unknown at this Time
Troy Marcum 360-507-1236	The damage occurred while backfilling the ditch.	7314270	37577	B07 - DAMAGED AFTER EXPOSED	John Spencer 360-204-2979	ZIMMER CONSTRUCTION	(360)287-3544	Unknown at this Time	Unknown at this Time
Troy Marcum 360-507-1236	This was customer owned power.	7313131	37587	C08 - NOT OUR CLIENT	John Spencer 360-204-2979	RECOM CABLE	(360)340-6757		
Mike Safford 206-766-0154	The crew dug without locates.	N/A	37695	B01 - DID NOT REQUEST LOCATES	N/A	SUNRISE LANDSCAPING	Unknown at this Time	Unknown at this Time	Unknown at this Time
Mike Safford 206-766-0154	The conduit was already damaged when the contractor exposed it. Marks were on.	7169209	37612	B05 - DUG ON MARKS	Albert Lancaster 253-261-3631	CROMWELL COMMERCIAL INC	(253)265-3725	Unknown at this Time	Unknown at this Time
Mike Safford 206-766-0154	The crew dug without locates.	N/A	37617	B01 - DID NOT REQUEST LOCATES	N/A	Pease Construction	Unknown at this Time	Unknown at this Time	Unknown at this Time
Mike Safford 206-766-0154	The crew dug without locates.	N/A	37618	B01 - DID NOT REQUEST LOCATES	N/A	Homestreet Construction	Unknown at this Time	Unknown at this Time	Unknown at this Time
Mike Safford 206-766-0154	The crew dug without locates.	N/A	37627	B01 - DID NOT REQUEST LOCATES	N/A	Capstone Homes	Unknown at this Time	Unknown at this Time	Unknown at this Time
Mike Johnson 380-507-3944	The crew dug without locates.	N/A	37631	B01 - DID NOT REQUEST LOCATES	N/A	Unknown at this Time	Unknown at this Time	Unknown at this Time	Unknown at this Time
Craig Holm 425-864-3429	The Contractor had potholed and had an open exposed pit, marks in the area are accurate to within 6".	7293836	37628	C02 - NOT LOCATABLE / BURIED LOOP	Brandon Seitz 253-377-4612	PILCHUCK	(253)841-6245 Ext: 100	Unknown at this Time	Unknown at this Time
Mike Johnson 380-507-3944	The homeowner hit the service that was accurately marked the morning of the damage and again later that day it was refreshed. Homeowner admitted fault.	7068470	37656	B05 - DUG ON MARKS	Tony Grant 360-507-4116	CATHY WILDER	(360)491-5261	Unknown at this Time	Unknown at this Time
Craig Holm 425-864-3429	Many of the marks were eradicated, however there were remnants of marks that were within 6" of the damage.	7293748	37661	B05 - DUG ON MARKS	Kal Poulson 253-377-6792	PIVETTA BROTHERS	(253)862-7860	Unknown at this Time	Unknown at this Time
Troy Marcum 360-507-1236	The crew dug without locates.	N/A	37629	B01 - DID NOT REQUEST LOCATES	N/A	PACIFIC HEIGHTS	Unknown at this time	Unknown at this time	Unknown at this Time
Craig Holm 425-864-3429	The crew dug without locates.	N/A	37636	B01 - DID NOT REQUEST LOCATES	N/A	ADC LANDSCAPE	Unknown at this time	Unknown at this time	Unknown at this Time
Mike Safford 206-766-0154	The crew dug without locates.	N/A	37654	B01 - DID NOT REQUEST LOCATES	N/A	YORK ENTERPRISES	Unknown at this time	Unknown at this time	Unknown at this Time
Mike Johnson 380-507-3944	The crew dug without locates.	N/A	37715	B01 - DID NOT REQUEST LOCATES	N/A	QUADRANT HOMES	Unknown at this time	Unknown at this time	Unknown at this Time
John Danmer 253-377-2977	The crew dug without locates.	N/A	37769	B01 - DID NOT REQUEST LOCATES	N/A	Unknown at this Time	Unknown at this time	Unknown at this time	Unknown at this Time
Mike Safford 206-766-0154	The locates were due on 9/13, damage was on 9/12 before job was located	7331793	37754	B02 - DUG BEFORE DUE DATE	Dave Curtis 360-507-4551	RAY BRADY	(360)352-9899	Unknown at this time	Unknown at this Time
Mike Safford 206-766-0154	The crew didn't trust the marks and dug where they thought was right, marks were right on.	7325366	37665	B05 - DUG ON MARKS	Dave Curtis 360-507-4551	PIVETTA BROTHERS	(253)862-7880	Unknown at this time	Unknown at this Time
Mike Safford 206-766-0154	Homeowner hit accurately marked line.	7270234	37698	B05 - DUG ON MARKS	Dave Curtis 360-507-4551	BILL BOAD	(360)493-6070	Unknown at this time	Unknown at this Time
Mike Safford 206-766-0154	The crew hit the accurately marked line that was only 4" deep.	7302834	37698	B05 - DUG ON MARKS	Tony Grant 360-507-4116	WISEMAN UTILITIES	(360)705-0511	Unknown at this time	Unknown at this Time
Mike Safford 206-766-0154	The marks were destroyed due to grading. The crew hit an abandoned gas line.	7303460	37708	B05 - DUG ON MARKS	Roger Lee 425-864-3242	CONSTRUCT CO	(253)826-2050	Unknown at this time	Unknown at this Time
Craig Holm 425-864-3429	The marks in the excavation area are all wiped out, but north and south of the area the marks are within 3".	7295808	37709	B05 - DUG ON MARKS	Nathan Phillips 425-766-5945	M R C CONSTRUCTION	(253)769-4829	Unknown at this time	Unknown at this Time
Mike Safford 206-766-0154	The crew hit an accurately marked service that loops to tie into the main.	7321593	37747	B05 - DUG ON MARKS	Kal Poulson 253-377-6792	POTELCO	(253)405-2703	Unknown at this time	Unknown at this Time

Damage Investigations: Locating Marks Inaccurate												
Investigator / Phone #	Investigator Remarks	Ticket #	Damage Investigation ID	Type of Utility	Manager Info Code	Locator / Phone #	Excavator Name	Excavator Phone	Name of Person Causing Damage	Contact Phone #	Trainer	Training/Employee Improvement
Mike Safford 208-788-0154	The locator failed to mark the plated service. 3/4" gas service was hit.	7302065	37634	Gas	A03 - MISINTERPRETED RECORDS	Kevin Lacy 253-377-8108	LES RUSSELL CONSTRUCTION	(253)845-9133	Unknown at this time	Unknown at this time	Robin Hunt	Investigator met with Locator on site and reemphasized the importance of reading maps and making sure that the work area is completely marked.
Stan Wade 509-869-3508	The locator marked accurately until he came close to a culvert where his signal died to and marks there were 6' off.	7315458	37624	Power	A12 - MARKS OUT OF TOLERANCE	Stan Wade 509-869-3508	DAVE MACDUFF	(425)445-4253	Unknown at this Time	Unknown at this Time	Rich Jessen	Met with the locator and counseled him to sweep the area better. If he had, he would have found the other signals in the area.
Craig Holm 425-864-3428	All the marks in the area were accurate except for this service. Locator did not hook up properly and marks were off by 13 feet.	7283812	37637	Gas	A04-INAPPROPRIATE CONNECTION	James Turnage 425-864-3425	WILLIAM DICKSON COMPANY	(253)472-4489	Unknown at this Time	Unknown at this Time	Craig Holm	Locator was counseled that he needs to hook up to all meters to mark accurately. If he had, he would have marked this service accurately.
Mike Safford 208-788-0154	Locator only hooked up at the main and missed the service.	7127772	37701	Gas	A04-INAPPROPRIATE CONNECTION	Rod Dietz 360-508-3056	CITY OF CHEHALIS	(360)748-0238	Unknown at this Time	Unknown at this Time	Mike Safford	Locator was counseled to read his maps, hook up to the meters, and label what is marked. Told him if he had marked the line 5/8 ps and the crew pitholed a steel line, then they would have known something was wrong.
Mike Safford 208-788-0154	The locator failed to sweep properly and missed a service that was not on the map.	7283258	37774	Power	A07 - FAILED TO PROPERLY SWEEP	Kai Poulsen 253-377-6762	DONOVAN EXCAVATING	(253)828-2353	Unknown at this Time	Unknown at this Time	Mike Safford	Met with the locator on sight. The locator was told that he must sweep the area and trust his machine, and not rely totally on the maps. The maps are only guides.
Mike Safford 208-788-0154	The locator failed to mark the job as requested.	7305588	37781	Gas	A08 - DID NOT MARK FAR ENOUGH	Felix Fuentes 360-239-2380	CHRISTOPHER CLINTON	(360)280-1068	Unknown at this Time	Unknown at this Time	Mike Safford	Met with the locator on sight. The locator was told that he must read the ticket to gain the total scope of the work to be done. Showed him if he had read the ticket better he wouldn't have missed the twin service.
Troy Marcum 360-507-1236	The locator failed to hook up to the street light. Power to light was hit.	7318139	37728	Power	A04-INAPPROPRIATE CONNECTION	John Spencer 360-507-0657	SNELSON COMPANIES INC.	(360)856-8511 Ext. 227	Unknown at this Time	Unknown at this Time	Troy Marcum	The locator was retained on reading maps and hooking up to street lights.
Troy Marcum 360-507-1236	The locator did not refer to facility records and marked incorrectly. Power was hit.	7338062	37814	Power	A02 - DID NOT REFER TO FACILITY RECORDS	Phil Myers 360-912-7023	FAPE AND SONS CONSTRUCTION	(253)851-8040	Unknown at this Time	Unknown at this Time	Troy Marcum	The locator was retained on reading maps and counseled to open his maps for each job.
Don Dennen 360-340-7528	There was an unlocatable gas main on the site. Troy talked to the excavator and an agreement was made to mark only the service. This was not communicated to the locator and the gas was not marked, and as a result, it was hit.	7317738	37817	Gas	A08 - INADEQUATE DOCUMENTATION / COMMUNICATION	Troy Marcum 360-507-1236	ACTIVE CONSTRUCTION	(253)851-4698	Unknown at this Time	Unknown at this Time	Troy Marcum	The reason for the damage was that the agreement between Troy and the excavator was not communicated to the locator. Troy will make sure to communicate all details to the locator in the future so this will not re-occur.
Troy Marcum 360-507-1236	The locator failed to walk around the job site and he missed an unplatted gas meter on the side of the house.	7328052	37828	Gas	A11 - EVIDENCE OF FACILITY- FAILED TO LOCATE	Don Dennen 360-340-7528	DICK CAPELLA	(253)858-8873	Unknown at this Time	Unknown at this Time	Troy Marcum	The locator was counseled to always be aware and look around and see if there is anything else. If he had, he would have seen the new gas meter on the house and this damage would have been avoided.

Damage Investigations Pending Claims									
Investigator / Phone #	Investigator Remarks	Ticket #	Damage Investigation ID	@ Manager / Info Code	Locator / Phone #	Excavator Name	Excavator Phone #	Name of Person Causing Damage	Contact Phone #
Mike Safford 206-766-0154	Pending damage investigation: unknown at this time	Unknown at this time	37950	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time
Stan Wade 509-989-3508	Pending damage investigation: unknown at this time	Unknown at this time	37954	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time
Craig Holm 425-864-3429	Pending damage investigation: unknown at this time	Unknown at this time	37955	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time
Mike Johnson 360-507-3944	Pending damage investigation: unknown at this time	Unknown at this time	37966	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time	Unknown at this time

Process Improvement				
Date	Topic	Reason for Discussion	Employees Involved	Trainers
8/10/2007	Ron Chamberlain 90 Follow Up Training	Mark Lynch of our QA/Critical Systems team met with Ron Chamberlain for his 90 day follow up training. They discussed many different topics including maps, Q Manager (documentation and billing), and following the instructions on specific locate tickets. At jobsites they discussed doing visual inspections, map use, and marking/labeling the utilities involved with the tickets.	Ron Chamberlain 206-786-3976	Mark Lynch 425-864-3156
9/5/2007	Weekly Meeting: Various topics discussed.	Weekly meeting to cover multiple topics. Computer updates were performed. Discussed safety, Q Manager upgrades, production, adding detailed notes on tickets, and communication between LI and our contractors.	Phil Myers 360-912-7023, Alex Hirsekorn 360-912-7084	Troy Marcum 360-507-1236
9/18/2007	Jonathan Maslen 90 Follow Up Training	Mark Lynch of our QA/Critical Systems team met with Jonathan Maslen for his 90 day follow up training. This is a standard training procedure that we do with newer employees to make sure they understand various aspects of their job and the locate process. Mark and Jonathan discussed map details, Q Manager (drawings, notes, billing, and documentation), and high profile notification procedures. They also discussed the locate process, as well as marking and labeling of utilities.	Jonathan Maslen 206-786-4642	Mark Lynch 425-864-3156
9/21/2007	Weekly Meeting: Various topics discussed.	Weekly meeting to cover multiple topics. Discussed what to do when raining and maintaining good communication with contractor if ground is wet. Also talked about safety, completing tickets per the instructions on the ticket, and noting any deviations from the ticket if an agreement was made with a contractor. Labeling of utilities was also discussed (ie gas size/type ect). Production, logging time worked, and work areas were also points of conversation.	Kai Poulsen 253-377-6792, Lloyd Bailey 253-377-2978, Brandon Seitz 253-377-4612, Roger Lee 425-864-3242, Nathan Phillips 425-766-5945, Marianne Michajla 206-396-2644, Marilyn Bennett 253-377-4364, Mike Gillespie 253-377-2632, Kevin Lacy 253-377-8108, Roger Lee 425-864-3242, Jim Britton 360-507-3934	James Turnage 425-864-3425
9/21/2007	Weekly Meeting: Various topics discussed.	Weekly meeting to cover multiple topics. Discussed production, proper labeling of utilities, safety topics, vehicle inspections, and contact names for PSE municipal construction planners.	Dave Curtis 360-507-4551, Rod Dietz 360-508-3058, John Radonski 360-507-9235, Tony Grant 360-507-4116, Felix Fuentes 360-239-2380, Rob Martin 360-507-1737, Rob Martin 360-507-1737, Ed Sherwood 360-507-6323	Mike Johnson 360-507-3944
9/24/2007	Weekly Meeting: Various topics discussed.	Follow up meeting for further discussion on topics discussed on 9/21. Also discussed production, communication between locators and customers, and recent QA's that were performed. Safety (using manhole gates), overdue tickets, notes on tickets, and timesheets were also talked about.	Kai Poulsen 253-377-6792, Lloyd Bailey 253-377-2978, Brandon Seitz 253-377-4612, Roger Lee 425-864-3242, Nathan Phillips 425-766-5945, Marianne Michajla 206-396-2644, Marilyn Bennett 253-377-4364, Mike Gillespie 253-377-2632, Kevin Lacy 253-377-8108, Roger Lee 425-864-3242, Jim Britton 360-507-3934	James Turnage 425-864-3425, Lee Ochu 425-507-1007
9/26/2007	Weekly Meeting: Various topics discussed.	Discussed safety and production. Also discussed various ways of routing in order to increase production. Also talked about the QA process and how it works.	Johnny Sayahod 253-261-2673, Steve Trullo 425-754-1795, Shane Seibel 253-377-3920, David Rich 206-786-1446, Peter Prengel 253-377-0242	Robin Hunt 253-377-2630, Ross Rennie 253-261-3773
9/27/2007	Critical Systems Meeting	Talked about the updates to the QA workbook that will help streamline the process and make the database easier to use and analyze. Also went over recent damages and investigations, utility labels, and specific areas that need extra QA's.	Craig Holm 425-864-3429, Mike Safford 206-786-0154, Rob Berryhill 206-786-0590, Mark Lynch 425-864-3156	Ross Rennie 253-261-3773, Robin Hunt 253-377-2630

# Service Leakage Survey (B-94)

Number of Services

NOTE: All leakage Survey performed by Heath

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	
<b>Business District</b>													
5,284	9,674	7,642	4,637	3,869	3,557	2,151	2,726	4,455	11,032	8,969	1,325	<b>65,321</b>	
<b>Non-Business District</b>													
21,425	18,396	18,145	12,951	19,788	19,182	16,960	13,478	14,077	37,174	24,587	27,566	<b>243,729</b>	
<b>Total</b>													
<b>26,709</b>	<b>28,070</b>	<b>25,787</b>	<b>17,588</b>	<b>23,657</b>	<b>22,739</b>	<b>19,111</b>	<b>16,204</b>	<b>18,532</b>	<b>48,206</b>	<b>33,556</b>	<b>28,891</b>	<b>309,050</b>	Services
2,923,683	2,742,090	2,223,469	1,530,166	2,058,169	1,978,293	1,662,657	1,409,743	1,612,284	4,196,922	2,919,372	2,513,517	<b>26,887,350</b>	Feet Surveyed

# Leakage Survey

Feet of Main/Miles

NOTE: All leakage Survey performed by Heath

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total	
<b>Transmission Survey and Patrol (C-52)</b>													
0	0	0	78900	0	0	0	0	0	77400	0	0	156300	FEET
			15						15			30	MILES
<b>Supply (C-13)</b>													
0	0	0	0	0	0	394,500	39,600	0			477,900	912,000	FEET
						75	8				91	173	MILES
<b>Supply - 250 (C-13)</b>													
0	0	0	0	0	0	0	0	0	0	19,500	108,000	127,500	FEET
										4	20	24	MILES
<b>Business District (C-13)</b>													
683,100	618,600	1,034,500	868,800	462,750	527,760	235,875	925,575	353,515	1,020,401	1,074,100	318,234	8,123,210	FEET
129	117	196	165	88	100	45	175	67	193	203	60	1,538.5	MILES
<b>Non-Business District (C-13)</b>													
1,611,900	786,300	1,872,074	1,323,300	1,403,100	1,988,320	1,484,355	1,361,100	1,636,200	1,719,540	1,248,100	2,253,950	18,688,239	FEET
305	149	355	251	266	377	281	258	310	326	236	427	3,539.4	MILES
<b>Total (Survey Only) (C-13)</b>													
2,295,000	1,404,900	2,906,574	2,192,100	1,865,850	2,516,080	2,114,730	2,326,275	1,989,715	2,739,941	2,341,700	3,158,084	27,850,949	FEET
435	266	550	415	352	477	401	441	377	519	444	598	5,274.8	MILES



## Main & Service Leak Monitoring (B-62, C12)

NOTE: Leak Monitoring Performed by Heath

Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
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### B-62 Service Leaks

22	37	49	45	54	30	4	13	27	75	70	44	470
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### C-12 Main Leaks

65	112	148	133	162	91	13	40	79	226	209	130	1407
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\*

### Total

87	149	197	178	216	121	17	53	106	301	279	174	1878
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NOTE: The assumption is that 25% are service leaks and 75% are main leaks, based on the initial leak report.

Heath monitors leaks two different ways;

- 1) As part of their regular survey process (these monitored leaks are incorporated into the cost of leakage survey)
- 2) As part of a site visit specifically to monitor the leak (these are the numbers represented above and are charged to the monitoring MAT)

**Pilchuck 2007  
July Metric Report**

Metric	Performance Expectation	Data Provider	July 2007	YTD 2007	YTD Evaluation
Customer Satisfaction (Overall)	83% rate 5 or better on a 1-to-7 scale	Bob Yetter		81.7%	No
Customer Complaints	95% or more of completed jobs must not have customer complaint	Sean Smith	99.97%	99.99%	Yes
Jurisdictional Complaints	No unresolved complaints	Sean Smith	0	0	Yes
Standards Compliance	Receive at least 95% of possible site audit check list points	Dean Krebs	98.72%	97.25%	Yes
Damage Claims	Submit final billing to R&C within 15 calendar days (on average).	Sean Smith/ Pilchuck	13.1	13.2	Yes
WUTC Over/Under Pressure	1 incident or less per year	Don Hunt	0	0	Yes
WUTC Inspection	No notices of non-compliance	Don Hunt	0	209	No
1. Job packet checklists completed, required data provided, ERP <sup>(a)</sup> updates performed accurately	No more than 5% blocked	Sean Smith/ SAP	10.0%	8.7%	No
2a. Time from job completion to ERP invoice submitted.	Less than 10 days on average	Sean Smith/ SAP	10.0	7.3	Yes
2b. Average time from ERP invoice submittal to PSE receipt of job packet with completed checklists.	Less than 2 days on average	Sean Smith/ SAP	1.6	1.8	Yes
2c. Average time for ERP invoice approval by PSE.	Less than 5 days on average	Sean Smith/ SAP	4.5	2.3	Yes
Appointments Kept	Meet at least 92% of all commitment dates.	Sherrie Williams/ SAP	100.00%	100.00%	Yes
Gas Emergency Response	< 60 minutes on average	Susan Stubbs	48.4	53.8	Yes
Customer Satisfaction (NCC)	5 or better on a 1-to-7 scale: Pilchuck 83% or more	Larry Nusser		67%	No
Inventory Turn Ratio	Minimum 5 turns per year	L. Skidmore/SAP		9.82	Yes
WUTC Outages of More than 25 Customers	2 reportable incidents or less per year	Don Hunt	0	0	Yes

(a) ERP is defined as PSE's Enterprise Resource Planning encompassing PSE's financial, work, and materials management software, including, without limitations, SAP or any similar software that PSE may use during the term.

**Quanta 2007  
July Metric Report**

	Metric	Performance Expectation	Data Provider	July 2007	YTD 2007	Evaluation
1	Customer Complaints	Average of no more than 20 complaints per month from customers associated with simple services and complex services	Pam Parish	5	5.67	Yes
2	Customer Complaints - Communication	Average of no more than 10 complaints per month from customers associated with simple services and complex services due to poor communication or for schedule not being met as agreed upon and documented in SAP at the first SP PM contact with customer.	Pam Parish	5	3.33	Yes
3	Jurisdictional Complaints	Resolution for 100% jurisdictional complaints will be mutually agreed upon within 7 calendar days	Pam Parish	100%	100%	Yes
4	Jurisdictional Complaints - Schedule 74	100% of all Schedule 74 project design quotes delivered from Potelco to MLM within 8 days of package receipt from MLM.	Mark Gardner	100%	100%	Yes
5	Standards Compliance - Deviations	> 95% of the time, results for work performed that is self inspected meet or exceed the percentage of deviation results of PSE's audits for the work performed using the same checklist.	Cheryl McGrath	97.25%	97.25%	Yes
6	Standards Compliance - Status	No outstanding inspection or audit non-compliant items	Cheryl McGrath	0	0	Yes
7	Standards Compliance - Resolutions	Resolve 95% of all non-compliances by the agreed upon initial schedule dates.	Cheryl McGrath	96%	96%	Yes
8	Damage Claims	Submit damage claim package to Risk & Claims within 20 calendar days	Sean Smith	16.5	15.8	Yes
9	WUTC Outages	No reportable incidents per year	Don Hunt	0	0	Yes
10	WUTC Over/Under Pressure	No incidents per year	Don Hunt	0	0	Yes
11	WUTC Inspection	No notices of non-compliance	Don Hunt	0	0	Yes
12	Appointments/Schedules - Commitments	Meet at least 98% of all commitment dates including temp services as of July.*	Sean Smith/Sherrie Williams	99.83%	99.60%	Yes
13	Appointments/Schedules - Communication	Contact 98% of customers (includes all work requested through SAP notifications) by the end of the next working day after notification is queued to appropriate Potelco	Pam Parish/Pauline Muckelroy	96%	96%	Yes
14	Appointments/Schedules - Notification to Scheduled	95% of all completion schedules set within 10 working days of receipt of notification that meets in service date requirements as established by the SP	Pam Parish/Pauline Muckelroy	99%	99%	Yes
15	Appointments/Schedules - Updates	Any schedule that changes more than 30 days from original date, shall be entered/updated in SAP or other agreed upon scheduling tool 95% of the time.*	Scott Keaton	No Data	No Data	N/A

**Quanta 2007  
July Metric Report**

	Metrics	Performance Expectation	Data Provider	July 2007	YTD 2007	Evaluation
16	Customer Satisfaction (NCC)	78% or more of all customers surveyed scored 5 or better on a 1 to 7 scale.	Larry Nusser		63%	No
17	SAIDI/SAIFI - Core	During core hours, restoration time < 246 minutes	Dan Lofstrom	270	257	No
18	SAIDI/SAIFI - Non-Core	During non-core hours, restoration time < 316 minutes.	Dan Lofstrom	296	314	Yes
19	UG Service Repair	UG services repaired in < 7 calendar days	Mark Gardner	7.13	6.96	Yes
20	Inventory Turn Ratio	No less than 5 turns ratio of inventory (excluding IntoLight materials) on average as measured by a rolling 12 months.	Lynne Skidmore	6.19	6.16	Yes
21	Job Completeness	No more than 5% blocked for complex services to ensure job packet checklists completed, required data provided, and ERP (a) updates performed accurately	Sean Smith	20.1%	19.6%	No
22	Timely Job Packets	No more than 12 days on average for simple services from job completion to receipt of Job Packet with completed checklists.	Sean Smith	7.1	8.2	Yes
23	Forecasting - Cost	Annual cost forecast of all work within average of 10% accuracy	Julie Leong		0	Evaluated at end of year
24	Forecasting - Carryover	No more than 2 projects under Potelco's project management to be carried over more than 1 year (excluding work that PSE defers).	Molly McLean			Evaluated at end of year
25	Work Schedule - Notification to Completion	Intolight - No more than 3 working days on average from notification to construction completion	Rich Monsoor	2.49	2.25	Yes
26	Work Schedule - Order Closure	Intolight - No more than 2 working days from due date to closure of orders in Access	Rich Monsoor	2	2	Yes
27	Defective Material	Intolight - Defective materials are returned to PSE within 10 calendar days on average.	Rich Monsoor	7	8	Yes
28	Corrective Orders	Intolight - No more than 10 working days on average from the original due date for corrective orders to completion of the corrective orders unless granted additional days.	Rich Monsoor	0	0.88	Yes
29	Corrective Orders with Material Order	Intolight - No more than 10 working days on average from the material arrival at contractor storeroom to completion of the corrective orders unless granted additional days.	Rich Monsoor	0	0	Yes
30	Construction Schedule Posting	Intolight - No more than 2 working days on average from receipt of job to posting construction schedule date.	Rich Monsoor	1.7	3.6	No

**Quanta 2007  
July Metric Report**

	Metrics	Performance Expectation	Data Provider	July 2007	YTD 2007	Evaluation
31	Material Receipts	Intolight - No more than 2 working days on average from construction completion to material receipts updated in SAP and 2) No more than 24 hours from materials receipt updated in SAP to notification to PSE	Rich Monsoor	2.8	3.0	No
32	Schedule Completion	Intolight - No more than 2 working days on average between construction completion date to posted date in schedule	Rich Monsoor	3.8	6.2	No
33	Project Completion	Intolight - No more than 30 calendar days on average from notification to build to completed construction per customer due dates	Rich Monsoor	18.5	14.3	Yes
34	Invoicing	Intolight - No more than 10 working days on average from construction completion to invoice delivered to owner	Rich Monsoor	6.9	6.7	Yes
35	Energization	Intolight - 100% of lights to be energized and operational at completion of installation as noted on foreman's copy	Rich Monsoor	100%	100%	Yes
36	Quality	Intolight - Receive a rating of >95% accuracy of all work performed as reviewed by PSE Quality Audit process.	Rich Monsoor	100%	100%	Yes
37	Communication	Average of no more than 7 calendar days from in service date (construction completion) of System and O&M work to notification to project requestor via SAP report (SAP report to be investigated and created).*	Mark Gardner	No Data	No Data	N/A
38	Workforce	Notify Contract Management within 7 calendar days of all changes in Project Manager assignments on all major NCC and System projects.	Scott Keaton	0	0	Yes
39	Safety - L&I	No willful L&I citations	Patti Connolly	0	0	Yes
40	Safety - Experience Rate	No greater than the 1.0 year industry average for Workers Comp Experience Rate.	Patti Connolly	0.5799	0.5799	Yes

\*New metric established and data collection methodology is not yet finalized.

UTC / PSE  
Contractor Oversight  
October 12, 2007

UTC Areas of concern:

- Adequacy of standards set for repair or replacement of facilities.
- Incentives in the contract for compliance with safety rules and company procedures.
- Balance of the incentives in the contract among efficiency of work, timeliness of work, compliance with safety standards.
- Extent and adequacy of PSE's monitoring of contractor performance.

Questions:

*I. Adequacy of standards*

- A. What performance standards does PSE use for design, construction and repair (including dispatch for service interruptions) or maintenance of gas or electric facilities where vendors (contracted service providers) perform these tasks?**

Response/Discussion 1A:

PSE has a formalized standards and work practices process. There are a total of eighteen standards books and manuals. There is also a monthly newsletter, "The Word", which has updates and clarification of items as questions arise in the field.

These standards take into consideration applicable WAC, NESC, Federal DOT Regulations, and other applicable codes. They are reviewed on a continual basis and go through a periodic review/revision process, which includes input from stakeholders. There is also a training process related to any changes as they occur.

All PSE employees and contractors must adhere to all PSE standards in all work. If they have a need to deviate from a standard, there are standard waiver/variance processes as defined in Attachment F. Attachment G is the index of the gas system waivers and variances approved in 2007, and a sample copy of a variance. Attachment H is the electric waiver and variance log for 2007.

The standard for "dispatch for service interruptions" is determined by the metric of:

- Gas "second response" (crew needed) in less than 60 minutes from call/request from PSE Dispatcher
- Electric "second response" is expected to restore service during the core hours in 246 minutes or less, during non-core hours in 316 minutes.

- (Note, many restorations are made by PSE First Responders and PSE restorations not included in the metric.)

Attachments:

- A. Standards and Work Practices Manuals
- B. Standards Forward from Sue McLain
- C. Index of Gas Operations Standard Books
- D. Job Title to Standard Number Cross Reference (for Gas Operations Standards)
- E. Standard 2625.1200 Conducting Leakage Surveys
- F. Gas & Electric Standards Variance and Waiver Process
- G. Gas waivers and variances 2007
- H. Electric waiver and variances 2007
- I. "The Word"

**CONFIDENTIAL**  
per WAC 480-07-160

Questions:

2. *Balance of incentives and penalties in work efficiency, timeliness and compliance with standards*

- A. **Provide a report outlining the incentives and penalties that PSE uses in its vendor contracts.**

Response/Discussion 2A:

**REDACTED**

**CONFIDENTIAL**  
per WAC 480-07-160

**CONFIDENTIAL**  
per WAC 480-07-160

**REDACTED**



**CONFIDENTIAL**  
per WAC 480-07-160

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per WAC 480-07-160

**REDACTED**

**CONFIDENTIAL**  
per WAC 480-07-160

**REDACTED**

Question:

*3. Extent and adequacy of PSE's audit and monitoring of contractor performance*

- A. We understand that PSE's service providers deliver a report to the company at the end of June each year. Please provide a copy of the latest report.**

Response/Discussion 3A:

PSE receives many reports from the Service Providers, and departments within PSE track and report on Service Provider work and performance. Attached are some examples. There is not a specific end of June report delivered by the Service Providers.

Attachment A Asplundh 2007 North King Region Circuit Status Report

Attachment B Heath Consultants Quality Assurance Meter Tagging and Field Evaluation/Quality Control

Attachment C Locating, Inc. Daily Report for 10/05/2007

Attachment D PSE Service Guarantee Summary Report Pilchuck

Attachment E Monthly Report from Quanta/Potelco to PSE

Attachment F Service Provider Response Time Report

Attachment G Operating Committee Minutes

*3. Extent and adequacy of PSE's audit and monitoring of contractor performance*

- B. Who at PSE reviews these reports? Does the company provide feedback to the service providers regarding these reports? Please provide copies of any such feedback.**

Response/Discussion 3B:

As identified in our response to 3A above, there are many reports both from the Service Providers and developed by PSE to track the Service Provider work and performance.

The reports are received by a variety of employees in different departments including but not limited to:

- Contractor Management
- Customer Construction Services
- Quality Assurance & Inspection
- Standards
- Compliance
- Performance Measurement
- Gas & Electric Operations

In each of these areas the reviews could take place by executive, management and/or administrative personnel, depending on the nature or results of the report. For example,

the monthly report provided by Quanta/Potelco to PSE management is reviewed by the Senior Vice President Operations, among others. (Attachment E in prior question).

Depending on the specific report, feedback and/or discussions are held regarding overall progress, costs, and performance to goals.

The organization charts (in the overview section) help explain where some of the direct and indirect responsibilities for contractor oversight reside and the attached Monthly Report from Quanta/Potelco to PSE is the report referenced in this response.

*3. Extent and adequacy of PSE's audit and monitoring of contractor performance*

**C. What measurements or other means does PSE use to assure that their service providers are complying with the standards identified in (1) above?**

Response/Discussion 3C:

In addition to the metrics covered earlier, there are many checks and balances built into the Service Provider process. A good example is the Completed Job Folder/SAP and system check list. If not all documents are included the Service Provider does not get paid for that job.

PSE contractor oversight group has daily interaction with Service Providers. We have attached as Attachments the Checks and Balances lists for Gas and Electric checks for Pilchuck and Quanta/Potelco. There are also checks and balances for the other Service Providers.

Internal Audit for PSE also conducts audits on compliance with checklists and procedures.

Attachment A PSE-Electric Checks and Balances of Service Provider

Attachment B PSE-Gas Checks and Balances of Service Provider

Attachment C Pilchuck Completed Job Folder/SAP & System Check List (NCC & System Construction)

Attachment D System Work Sketch Checklist (Gas Only)

Attachment E Work Sketch Checklist (Gas/Power)

Attachment F Work Sketch Checklist (Gas Only)

Attachment G Job Aide for Creating C Test Sites

Attachment H Internal Audit Service Provider Audit Log

### 3. *Extent and adequacy of PSE's audit and monitoring of contractor performance*

- D. To the extent that PSE audits or monitors the work of its service providers, provide information on the frequency of such audits, by vendor, as well as the specific measurements or other techniques PSE uses to assure compliance. What standard did PSE use to establish this audit frequency and level of oversight?**

#### Response/Discussion 3D:

Puget Sound Energy (PSE) ensures the quality of the work performed on its system through a robust quality assurance process. There are several facets to this process that are described below.

The Quality Assurance and Inspection (QA&I) department manages the quality assurance process to verify construction, operation and maintenance work adheres to the expectations specified by the company. The QA&I department also contributes to continuous improvement in the following ways:

- Identifying trends and precursors to potential problems in order to raise stakeholder's awareness of concerns and issues.
- Provide input on the effectiveness of standards and procedures in field situations.
- Review and evaluate the adequacy of contractor Quality Control (QC) plans.
- Consult with PSE Department Managers to support internal QC plans.

#### Approach

Aspects of construction, operation, and maintenance work vary greatly. Because of this, different review processes are employed to evaluate and capture quality performance information. For example, some of the critical elements in electric system construction are visible or accessible after construction has occurred and can easily be assessed at that time. This is in contrast to gas system work, where more emphasis is placed on the procedures employed (i.e. pipe joining, trench configuration, backfill, etc.) which can only be assessed at the time the work is being performed, since the procedure must be observed and once completed the work is covered up. Audits of gas system work represent more of a snapshot in time view of the work being performed.

#### Routine Construction and O&M Work

Much of the work performed on PSE's system is of a routine nature. For example, new construction gas and electric services, underground cable installations, main replacements or new main installations, transformers, etc, are performed at hundreds of locations each and every day. Because of the sheer volume of work performed, we are able to review a sample of each days work and draw conclusions about the quality of all of the work being performed.

Periodically, we perform a statistical analysis of the work reviewed against the entire population of work performed to assess the adequacy of the program. This analysis may result in adjustments in both the frequency of audits and the type of activities being audited to provide for statistical confidence that the work being performed is meeting our



expectations for quality. Generally, this results in audits being conducted on approximately 10% of the routine work being performed.

With regards to our vegetation management contractors, PSE has had a third party perform audits of work done. Recently, a decision was made to perform those audits within the QA&I department and a new audit program is being developed that will provide the same level of confidence in the work being performed and demonstrate compliance with new electric reliability requirements.

#### Complex Work

Some of work performed on PSE's system is of a more complex nature. Examples include construction of substations and high voltage transmission lines, high pressure gas pipelines and pressure regulating stations, and other unique, non-frequent construction activities. For these projects, we employ a combination of construction management and construction inspection oversight to insure that the work performed is in accordance with the design specifications and procedures. The project team identifies the appropriate inspection expertise required for the type of work being performed and draws upon available employees from construction management, QA&I, and engineering resources to participate in the inspection process. Normally, all projects of this nature are inspected a multiple stages during the construction process.

#### Special Audits

Special Audits are different from the other review processes in that they are designed to answer specific questions. Typically each audit is unique and requires creating a specific checklist, plan and report. Special audits have recently been performed on vegetation management, leak record keeping practices, and underground facility locating. A few additional special audits have been repeated on a periodic basis. Examples include Qualification Testing, Pipe Storage, Outside Parts Fabrication, and Hot Spot Protection.

#### Internal Audit

PSE's Internal Audit department also performs various operational and billing audits of the Service Providers.

- Attachment A Count of Audits/Inspections since Jan. 1 2007 by PSE QA&I
- Attachment B Pilchuck High Pressure Gas Inspection Data Breakdown
- Attachment C Pilchuck Site Audit Inspection Data Breakdown
- Attachment D Potelco Gas Site Audit Inspection Data Breakdown
- Attachment E Potelco Electric Site Audit Inspection Data Breakdown
- Attachment F Asplundh Audit Scores by General Forman for 2006

3. *Extent and adequacy of PSE's audit and monitoring of contractor performance*

**E. Who at PSE reviews the findings of the compliance reviews and/or audits of their service providers?**

Response/Discussion 3E:

For all the Service Providers there are now Monthly Quality Assurance meetings, with the exception of Heath Consultants. These are attended by representatives from Contractor Management, Standards, QA&I, Operations analysis, Contract Administration, Director of Compliance, and the Service Provider.

These meetings address QA&I findings, trend analysis and process improvement opportunities, issues with interfaces between PSE and the Service Provider, presentations on training items and new process and other Quality issues.

There are also Operating Committee meetings for Pilchuck and Quanta/Potelco and other meetings on an ad hoc basis.