



Puget Sound Energy, Inc.
P.O. Box 90868
Bellevue, WA 98009-0868

February 5, 2007

Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

Attn: Alan Rathbun

RE: Critical Bond Program 2006 Annual Report (Dockets UG 941394, PG 030080, and PG 030128)

Dear Mr. Rathbun:

This letter provides the 2006 annual report on the Critical Bond Program that was originally committed to in response to the WUTC Audit of PSE's Central Division and reaffirmed in the Settlement Agreement subsequent to the Pierce and King County Audits (PG-030080 and PG-030128).

In 2006, PSE completed remediation on 43 impressed current systems and 684 galvanic systems for a cumulative total of 3,533 systems remediated. The attached table provides a summary of the number of systems completed for each year since the inception of the program.

There are currently 3,301 active cathodic protection systems compared to 3,305 in 2005. The total number of cathodic protection systems continues to change as systems are modified. Modifications include separating larger systems into smaller systems, combining systems, installing new systems and retiring existing systems.

Based on the current CP system configuration, PSE plans to remediate 49 impressed current systems and 105 galvanic systems in 2007, which will result in all CP systems having been investigated and remediated as necessary in accordance with the critical bond methodology.

If you have any questions, please call me at 425-462-3957.

Sincerely,

Jim Hogan
Manager, Standards and Compliance

Cc: Kimberly Harris
Karl Karzmar
Sue McLain
Duane Henderson
Harry Shapiro

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Scott
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Critical Bond Summary Report

<u>Year</u>	<u>Impressed</u>	<u>Galvanic</u>	<u>Annual Total</u>	<u>Cumulative Total</u>
1996	2	164	166	166
1997	25	553	578	744
1998	25	426	451	1195
1999	41	286	327	1522
2000	30	210	240	1762
2001	27	269	296	2058
2002	27	329	356	2414
2003	9	168	177	2591
2004	7	115	122	2713
2005	7	86	93	2806
2006	43	684	727	3533