

RECEIVED

APR 16 2008

WASH. UT. & TP. COMM

April 14, 2008

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

Attn: Dave Lykken, Pipeline Safety Interim Director

**RE: Wrapped Steel Services Assessment Program Annual Status Report (Docket PG-041624)**

Dear Mr. Lykken,

Pursuant to Docket PG-041624 (Wrapped Steel Services Assessment Program Second Settlement Agreement (WSSAP)), Puget Sound Energy (PSE) is providing an Annual Status Report for the WSSAP Program. This status report includes information on WSSAP Service Mitigation as of December 31, 2007, WSSAP Service Mitigation Plan for 2008, Leak Status Report for 2007, and the Electrical Survey Schedule. PSE met with Staff on April 7, 2008 to review the format of these reports and has incorporated their feedback into the reports.

The following is a brief summary of each of the attachments.

**WSSAP Service Mitigation as of December 31, 2007:**

This table shows the number of services mitigated through the WSSAP Program in 2007 by mitigation category as well as the number of services mitigated through other activities such as bare steel main replacement, cast iron main replacement, main relocates due to public improvement activities, service retirement, and additional records review.

As indicated in this table, the target for 2007 was to mitigate all 516 of the priority services. PSE was able to address 417 of the 516 priority services. Those priority services that were not mitigated in 2007 were due to either difficult permitting and customer issues or changes in which services were identified for priority replacement after the model was calibrated in December of 2006. PSE communicated these changes to staff in a letter dated February 7, 2008. As explained in that letter, PSE targeted to have the remaining priority services replaced in the first quarter of 2008. By March 31, 2008, 84 of these services were replaced. The remaining 15 were either in construction or still pending due to customer or permitting issues. PSE is working to replace these as soon as possible and will send an update to Staff when work has been completed on these services.

This table also shows that the total number of WSSAP services has decreased from 101,367 to 98,460, a net decrease of more than 2,900 services.

**WSSAP Service Mitigation Plan for 2008:**

This table shows the number of services PSE is targeting to mitigate through WSSAP in 2008 relative to the 2007 model results. As indicated in this table, the remaining priority services as well as 1,300 of the scheduled replacement services are planned to be mitigated through WSSAP. PSE also expects additional WSSAP services will be mitigated through other activities as seen in 2007.

**Leak Status Report for 2007:**

The leak status report for 2007 reflects that the services with the lowest priority for mitigation have the lowest percent of services with leaks discovered. It also shows that the number of leaks discovered on services in the standard mitigation category is 0.19% which is significantly below the historic rate of 0.46%.

**Electrical Survey Schedule:**

The table below shows PSE's plan for performing 1,000 electrical surveys of services in the increased leak survey and standard mitigation categories by the end of 2010. PSE is currently analyzing the additional data for the electrical surveys performed in 2007 and planning the excavation digs to begin in the next few weeks. PSE will also be selecting the services to perform electrical surveys on for 2008 and will be submitting that information, including a schedule, to Staff in May.

**Electrical Survey Schedule**

Year	Target # of Electrical Surveys	Actual
2007	200	200
2008	250	
2009	275	
2010	275	

In accordance with the settlement agreement, PSE will be running the risk model again in 2008 to determine the services in each mitigation category and plan service replacement work for 2009. PSE will review the results of this model run with Staff prior to the September 15 submittal. If Staff has any additional questions on any of this information or future plans, please feel free to contact me at 425-462-3974.

Sincerely,



Duane A. Henderson, P.E.  
Director, Operations Services

cc: Mike Hobbs  
Eric Markell  
Bert Valdman  
Karl Karzmar

## WSSAP Mitigation as of December 31, 2007

<b>Mitigation Category</b>	<b>2006 Model Results</b>	<b>2007 Target</b>	<b>Mitigated Through WSSAP</b>	<b>Other Mitigation</b>	<b>Total Mitigation</b>	<b>Pending Mitigation/ Remaining in Category</b>
Priority	516	516	175	242	417	99
Scheduled Replacement	8,470	NA	42	1,452	1,494	6,976
Increased Leak Survey	23,100	NA	40	490	530	22,570
Standard Mitigation	69,281	NA	0	466	466	68,815
<b>Subtotal</b>	<b>101,367</b>	<b>516</b>	<b>257</b>	<b>2,650</b>	<b>2,907</b>	<b>98,460</b>

## WSSAP Mitigation Plan for 2008

<b>Mitigation Category</b>	<b>2007 Model Results</b>	<b>2008 Target</b>
Priority	216	216/99*
Scheduled Replacement	8,092	1,300
Increased Leak Survey	23,258	NA
Standard Mitigation	69,742	NA
Subtotal	101,308	1,399

\* By the end of 2007, all but 99 of the priority services had been mitigated.

## Leak Status Report for 2007 –

Mitigation Category	# Active Leaks	# Repaired Leaks by Cause	# Leaks Discovered in 2007	% of services with leak discovered
Priority	4	1 - corrosion	5	0.97%
Scheduled replacement	21	6 – Corrosion 1 - Construction/material defect 8 – Excavation 9 – Other 24 – Total	45	0.53%
Increased Leak Survey	30	22 – Corrosion 4 - Construction/material defect 12 – Excavation 27 – Other 65 – Total	95	0.41%
Standard Mitigation	48	22 – Corrosion 4 - Construction/material defect 32 – Excavation 26 – Other 84 – Total	132	0.19%