STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

Ref. No. Docket PG-080032

CERTIFIED MAIL

June 26, 2008

Bert A. Valdman
Executive VP & COO
Puget Sound Energy
PO Box 90868 MS: EST-07W
Bellevue, Washington 98009-0868

Dear Mr. Valdman:

Subject: 2008 Standard Inspection of Thurston/Lewis Counties Distribution System

We conducted a natural gas inspection from April 7, 2008 through May 20, 2008 of Puget Sound Energy's (PSE) Thurston/Lewis counties distribution system. The inspection included a maintenance records review and inspection of the pipeline facilities.

Our inspection indicates a series of six probable violations, as noted in the enclosed report. We also noted one area of concern, which unless corrected, could potentially lead to future violations of state and/or federal pipeline safety rules.

Your response needed
Please review the attached report and respond in writing by July 28, 2008. The response should include how and when you plan to bring the probable violations into full compliance. We also request your response to our area of concern. As we have done in the past, we welcome the opportunity for a meeting to discuss your response to our findings.

What happens after you respond to this letter?
The attached report presents staff's decision on probable violations and does not constitute a finding of violation by the commission at this time.

After you respond in writing to this letter, there are several possible actions the commission, in its discretion, may take with respect to this matter. For example, the commission may:

- Assess an administrative penalty under RCW 81.88.040, or

- Issue a complaint, seeking monetary penalties, changes in the company's, practices, or other relief authorized by law, and justified by the circumstances, or
- Consider the matter resolved without further commission action.

We have not yet decided whether to pursue a complaint or penalty in this matter. Should an administrative law judge decide to pursue a complaint or penalty; your company will have an opportunity to present its position directly to the commissioners.

If you have any questions, or if we may be of any assistance, please contact Lex Vinsel at (360) 664-1319. Please refer to docket number PG-080032 in any future correspondence regarding this inspection.

Thank you for your cooperation and interest in pipeline safety.

Sincerely,

David W. Danner
Executive Director

cc. Mike Hobbs, PSE
Duane Henderson, PSE
Helge Ferchert, PSE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
2008 Standard Natural Gas Pipeline Safety Inspection of
Thurston/Lewis Counties
Docket PG-080032

The following violation of WAC 480-93, which adopts 49 CFR Part 192, was noted as a result of the 2008 pipeline safety inspection of the Puget Sound Energy (PSE) Thurston/Lewis Counties distribution system. The inspection included a review of the records, inventory, and field operations and maintenance of the natural gas facilities.

PROBABLE VIOLATIONS

1. **49 CFR §192.739 Pressure limiting and regulating stations: Inspection and testing.**

(a) Each pressure limiting station, relief device (except rupture discs), and pressure regulating station and its equipment must be subjected at intervals not exceeding 15 months, but at least once each calendar year, to inspections and tests to determine that it is–

(1) In good mechanical condition;

(2) Adequate from the standpoint of capacity and reliability of operation for the service in which it is employed;

(3) Except as provided in paragraph (b) of this section, set to control or relieve at the correct pressure consistent with the pressure limits of §192.201(a); and

(4) Properly installed and protected from dirt, liquids, or other conditions that might prevent proper operation.

Finding(s):

(a) PSE has a regulating station serving a low pressure distribution system located at 210 4th Ave W, Olympia. Records indicate that this regulating station has not been maintained annually, not to exceed 15 months as required.

(b) PSE has a regulating station serving a low pressure distribution system located at 402 4th Ave E, Olympia. This regulating station serves addresses 402, 404, 406, 408, 410, and 412 4th Ave E. Records indicate that this regulating station has not been maintained annually, not to exceed 15 months as required.

(c) During the PSE inspection of Regulator Station RS-0245, the outlet relief (54 psig setpoint) required the use of full inlet pressure (approximately 100 psig) to clear rocks and mud from the 2nd stage relief stack. PSE indicated that the relief stack had been damaged earlier by a vehicle. PSE failed to insure that the relief stack was properly installed and protected from dirt and liquids. PSE procedure 4700.1620 requires that the mechanic operability of the relief valve be verified. PSE failed to do this resulting in mud and debris remaining in the relief piping after the vehicle damage was repaired.

2. **49 CFR §192.481 Atmospheric corrosion control: Monitoring.**

(a) Each operator must inspect each pipeline or portion of pipeline that is exposed to the atmosphere for evidence of atmospheric corrosion, as follows:

- *If the pipeline is located onshore at least once every 3 calendar years, but with intervals not exceeding 39 months*

(b) During inspections the operator must give particular attention to pipe at soil-to-air interfaces, under thermal insulation, under disbonded coatings, at pipe supports, in splash zones, at deck penetrations, and in spans over water.

(c) If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by §192.479.

Finding(s):

(a) PSE was unable to provide records indicating that atmospheric corrosion surveys had been conducted on the service piping off a low pressure distribution system located at 210 4th Ave W, Olympia. Two of the service risers show heavy atmospheric corrosion and pitting.

(b) PSE was unable to provide records indicating that atmospheric corrosion surveys have been conducted on the regulator station piping inside the vault serving the low pressure system at 210 4th Ave W, Olympia. The regulator station piping shows signs of heavy atmospheric corrosion.

(c) PSE was unable to provide records indicating that atmospheric corrosion surveys have been conducted on a regulator station located in a vault at 402 4th Ave E., Olympia.

(d) PSE was not able to conduct an adequate inspection for atmospheric corrosion on pipe surfaces contacting four pipe supports at the Olympia Gate station. PSE has three concrete supports and one metal support on the outlet of the RS-1358 Gate Station at 4027 Boulevard Rd in Olympia.

3. **49 CFR §192.365 Service lines: Location of valves.**

(a) Relation to regulator or meter. Each service-line valve must be installed upstream of the regulator or, if there is no regulator, upstream of the meter.

(b) Outside valves. Each service line must have a shutoff valve in a readily accessible location that, if feasible, is outside of the building.

(c) Underground valves. Each underground service-line valve must be located in a covered durable curb box or standpipe that allows ready operation of the valve and is supported independently of the service lines.

Finding(s): (8 instances)

(a) PSE has a service line located at 215 Washington, Olympia. Meter numbers 721113 and 466608. The service riser comes out of the pavement, up the wall approximately 8-inches and in through the building wall where it serves a 2 meter manifold. The regulator is vented to the outside. There is no external shut-off valve on the service line as required.

(b) PSE has a service line located at 402 4th Ave E., Olympia. There is no external shut-off valve on the service as required.

(c) PSE has a service line located at 404 4th Ave E., Olympia. There is no external shut-off valve on the service as required.
(d) PSE has a service line located at 406 4th Ave E., Olympia. There is no external shut-off valve on the service as required.
(e) PSE has a service line located at 408 4th Ave E., Olympia. There is no external shut-off valve on the service as required.
(f) PSE has a service line located at 410 4th Ave E., Olympia. There is no external shut-off valve on the service as required.
(g) PSE has a service line located at 412 4th Ave E., Olympia. There is no external shut-off valve on the service as required.

4. **49 CFR §192.455(a)(2) External corrosion control: Buried or submerged pipelines installed after July 31, 1971.**

(a) Except as provided in paragraphs (b), (c), and (f) of this section, each buried or submerged pipeline installed after July 31, 1971, must be protected against external corrosion, including the following:

(2) It must have a cathodic protection system designed to protect the pipeline in accordance with this subpart, installed and placed in operation within 1 year after completion of construction.

Finding(s):

The following facilities did not have adequate cathodic protection:
(a) Service line to 215 Washington, Olympia -0.414 mV
(b) Service line to 210 4th Ave W. -0.717 mV
(c) Low pressure main and 3 services downstream of regulator in front of 210 4th Ave W. No addresses were obtained because meters were inside. -0.427 mV, -0.502 mV, and -0.809 mV. (Staff reads and PSE reads were similar)

5. **49 CFR §192.161(c) Supports and anchors.**

(c) Each support or anchor on an exposed pipeline must be made of durable, noncombustible material and must be designed and installed as follows:

Finding(s):

PSE has a two meter manifold located at 516 N. Washington, Olympia that is supported by wood blocks. Part 192.161 does not allow the use of combustible materials as support for pipeline facilities.

6. **49 CFR §192.355 Customer meters and regulators: Protection from damage.**

(a) Protection from vacuum or back pressure. If the customer's equipment might create either a vacuum or a back pressure, a device must be installed to protect the system.

(b) Service regulator vents and relief vents. Service regulator vents and relief vents must terminate outdoors and the outdoor terminal must:

(1) Be rain and insect resistant;

(2) Be located at a place where gas from the vent can escape freely into the atmosphere and away from any opening into the building; and,

(3) *Be protected from damage caused by submergence in areas where flooding may occur.*

(c) *Pits and vaults. Each pit or vault that houses a customer meter or regulator at a place where vehicular traffic is anticipated must be able to support* that traffic.

Finding(s):

PSE has an underground regulator located in a vault at 109 Washington St., Olympia. The regulator has been vented to the atmosphere up the side of the building. The screen in the regulator vent is completely plugged with heavy paint preventing natural gas from venting freely and affecting the operation of the regulator in the event of an over pressure situation.

AREAS OF CONCERN

1. Several service lines were observed in the Olympia area that used dresser style compression valves above ground. Most of these were on services with inside meter sets. These were the only external shut-off valve for many of these services. These valves do not have the ability to be locked when in the off position in the event a service needs to be isolated and to prevent unauthorized persons from operating.