



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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(360) 664-1160 • TTY (360) 586-8203

Ref. No. Docket PG-100020

CERTIFIED MAIL

April 16, 2010

Bert A. Valdman
Executive VP and Chief Operating Officer
Puget Sound Energy
PO Box 90868 MS: EST-07W
Bellevue, WA 98009-0868

Dear Mr. Valdman:

RE: 2010 Natural Gas Standard Inspection – Swarr Propane-Air Plant

We conducted a natural gas inspection from March 29, 2010 to March 30, 2010 of Puget Sound Energy Swarr Propane-Air Plant. The inspection included a records review and inspection of the pipeline facilities.

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

Your response needed

Please review the attached report and respond in writing by May 18, 2010. The response should include how and when you plan to bring the probable violation into full compliance.

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:

- Issue an administrative penalty under RCW 81.88.040, or



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- Institute 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 Joe Subsits at (360) 664-1322. Please refer to Docket PG-100020 in any future correspondence regarding this inspection.

Sincerely,



David D. Lykken
Pipeline Safety Director

Enclosure

cc. Sue McLain, PSE
Duane Henderson, PSE
Michael G. Hobbs, PSE
Helge Ferchert, PSE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
2010 Natural Gas Pipeline Safety Inspection
Puget Sound Energy – Swarr Propane-Air Plant
Docket PG-100020

The following probable violation of Title 49, CFR Part 192 and WAC 480-93 was noted as a result of the Puget Sound Energy-Swarr Propane-Air Plant. The inspection included a random selection of records, operation and maintenance, emergency response, inventory and field inspection of the pipeline facilities.

PROBABLE VIOLATION

1. **WAC 480-93-180 Plans and Procedures**

- (1) *Each gas pipeline company must have and follow a gas pipeline plan and procedure manual for operation, maintenance, inspection and emergency response activities that is specific to the gas pipeline company's system. The manual must include plans and procedures for meeting all applicable requirements of 49 CFR §§191, 192 and chapter 480-93 WAC, and any plans or procedures used by a gas pipeline companies associated contractors.*

Finding(s):

The O&M manual did not appear to include a reference to 49 CFR §192.11 requiring that Petroleum gas systems comply with NFPA 58 and 59. PSE's manual should include a reference stating that the petroleum gas system will meet the requirements of NFPA 59.

AREA OF CONCERN OR FIELD OBSERVATIONS

1. A review of annual corrosion survey results for the SWARR Station revealed that data was presented in the wrong columns on the corrosion survey report. Pipe-to-soil on readings and off readings were presented in the wrong columns. This error can be confusing when evaluating the monitoring results if no one is present to explain them. Annual corrosion survey results should be presented accurately so independent reviews can occur.