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BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.,

Respondent.

DOCKET NO. PG-111723

ANSWER

INTRODUCTION

1. Puget Sound Energy, Inc.'s ("PSE") address for purposes of this proceeding is:

Steve R. Secrist
Vice President, General Counsel, Chief Ethics and Compliance Officer
Puget Sound Energy, Inc.
PSE-12
PO Box 97034
Bellevue, Washington 98009
Phone: 425-462-3178
Fax: 425-462-3300
Email: steve.secrist@pse.com

PSE's representatives for purposes of this proceeding are:

ANSWER

1 Sheree Strom Carson
2 Donna Barnett
3 Perkins Coie LLP
4 10885 N.E. Fourth Street, Suite 700
5 Bellevue, WA 98004-5579
6 Phone: 425-635-1400
7 Fax: 425-635-2400
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11 2. PSE answers the Complaint of the Washington Utilities and Transportation
12 Commission (the "Commission") dated March 1, 2013 (the "Complaint") as stated below.
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14 **ANSWER**
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17 3. Because paragraph 1 contains no legal or factual allegations, PSE neither
18 admits nor denies this paragraph.
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21 **I. PARTIES**
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- 23 4. PSE admits the allegations in paragraph 2.
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25 5. PSE admits the allegations in paragraph 3.
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28 **II. JURISDICTION**
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- 30 6. PSE admits the allegations in paragraph 4.
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32 7. PSE admits the allegations in paragraph 5.
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34 **III. FACTUAL ALLEGATIONS**
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- 36 8. PSE admits the allegations in paragraph 6.
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38 9. PSE admits the allegations in paragraph 7 through information and belief.
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40 10. PSE admits the allegations in paragraph 8 through information and belief.
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42 11. PSE admits the allegations in paragraph 9 through information and belief.
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44 12. PSE admits the allegations in paragraph 10. Specifically, PSE received a call
45 at 1:37 p.m. on Sunday, September 25, 2011 from a caller reporting a gas odor. PSE reported
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ANSWER

1 on site at 1:49 p.m. PSE received a second call at 1:54 p.m. reporting a second leak.
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3 Additional PSE support arrived on site at 2:19 p.m. PSE notified the Seattle Fire
4 Department, and they evacuated homes. Because personnel responding to the leaks
5 recognized the cause of the leaks as likely arising from electric arcing, PSE contacted its
6 contractor, Heath Consultants, an expert in leak surveying, to conduct leak surveys in the
7 surrounding area immediately. By 4:24 p.m., both leaks had been identified and controlled.
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9 At approximately 7:55 p.m., leak survey personnel reported a third leak, located significantly
10 to the north of the first two leaks. Upon investigation of the third leak, it was determined that
11 that leak too appeared to be caused by electric arcing.
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19 13. PSE admits the allegations in the first sentence of paragraph 11, but adds that
20 Heath Consultants first arrived at the scene and met with PSE at approximately 4:45 p.m.; the
21 leak survey crews began actually conducting the survey by 5:30 p.m. PSE admits the
22 allegations in the second sentence of paragraph 11, but clarifies that the first leak survey was
23 focused on steel wrapped piping and services—though not exclusively such services if a leak
24 were detected anywhere. Answering the third and fourth sentences of paragraph 11, PSE
25 admits that the area of the first leak survey was a large area that also included the area of and
26 surrounding the Inghams' house, but PSE reiterates that the first leak survey specifically
27 focused on wrapped steel mains and services centered around 12040 8th Ave. N.E. and 913
28 N.E. 122nd St., roughly between 5th Ave. N.E. on the west, 12 Ave. N.E. to the east, N.E.
29 115 St. to the south, and N.E. 130 St. to the north. This survey thus covered an area of
30 approximately 105 city blocks.
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43 14. Answering paragraph 12, PSE responds that PSE does not possess
44 documentation or records to confirm or deny whether the first special leak survey teams
45 actually walked or drove along the PSE wrapped steel pipe under the private drive to the
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1 three houses or the PSE wrapped steel services serving the three houses and, therefore, PSE
2 denies the allegations in paragraph 12. The private drive to the three houses was clearly
3 included in the overall boundaries of the first special leak survey. Also, PSE records clearly
4 establish that the main located under 5th Ave. NE between NE 123 and NE 124 Streets was
5 leak surveyed. The main under 5th Ave. NE connects to the pipe serving the private lane and
6 the houses.
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12 15. PSE admits the allegations in the first sentence of paragraph 13. Specifically,
13 PSE directed Heath to expand (and re-survey) the area of the initial leak survey due to the
14 discovery of a third leak at 1020 N.E. 127th St. This second special leak survey thus covered
15 an area of approximately 250 city blocks (105 of which having been part of the first survey
16 also), and was performed between 9:30 p.m. and 3:00 a.m. on a Sunday night/Monday
17 morning. PSE admits the allegations in the second sentence of paragraph 13, adding that
18 PSE directed Heath Consultants to conduct the survey driving slower than normal, at
19 approximately five (5) miles per hour. PSE admits the allegations in the third sentence of
20 paragraph 13, specifically that PSE instructed Heath Consultants to survey all services in the
21 right of way that night until completed. PSE admits the allegations in the fourth sentence of
22 paragraph 13. Answering the remainder of paragraph 13, PSE admits that the private drive
23 leading to the Inghams' home, though not a public right of way, is accessible to motor
24 vehicles, and that the private drive was within the overall boundaries of the second special
25 leak survey.
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40 16. Answering paragraph 14, PSE responds that PSE does not possess
41 documentation or records to confirm or deny whether the second special leak survey teams
42 actually drove along the private drive to the three houses and, therefore, PSE denies the
43 allegations in paragraph 14. PSE notes that the private drive was not a public right of way.
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1 The private drive was included in the scope and general area of the first survey—and within
2 the overall boundaries of the second special leak survey.
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5 17. PSE admits the allegations in the first sentence of paragraph 15. The intent of
6 the second survey was to survey all gas mains and service lines inside the public right of way
7 and accessible by mobile equipment; therefore, it is true that in its second survey, PSE's
8 consultant did not survey all gas service lines located outside the public right of way. PSE
9 admits that if any gas was detected by the gas detection equipment on a survey vehicle,
10 additional follow-up including on foot outside the vehicle was to be performed until the
11 instance was resolved. PSE denies the remainder of paragraph 15.
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18 IV. VIOLATIONS

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21 18. PSE admits the allegations in paragraph 16.

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23 19. PSE admits the allegations in paragraph 17.

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25 20. PSE admits the allegations in paragraph 18.

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27 21. PSE admits the allegations in paragraph 19.

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29 22. Answering paragraph 20, paragraph 20 contains legal conclusions to which no
30 answer is required. To the extent an answer is required, PSE denies the allegations in
31 paragraph 20.
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35 23. PSE denies the allegations in paragraph 21.

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37 24. PSE denies the allegations in paragraph 22.

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39 25. Answering paragraph 23, paragraph 23 contains legal conclusions to which no
40 answer is required.
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43 26. PSE denies the allegations in paragraph 24.

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45 27. PSE denies the allegations in paragraph 25.
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V. CLAIM FOR RELIEF

28. PSE incorporates by reference its answers to paragraphs 2-25 of the Complaint, as set forth above.

29. Answering paragraph 27, paragraph 27 contains legal conclusions for which answers are inappropriate and they restate provisions of administrative rules to which no answer is required. These rules speak for themselves.

30. Answering paragraph 28, paragraph 28 contains legal conclusions for which answers are inappropriate and they restate provisions of administrative rules to which no answer is required. These rules speak for themselves. To the extent an answer is required, PSE denies the allegations in paragraph 28.

31. Answering paragraph 29, paragraph 29 contains legal conclusions for which answers are inappropriate and they restate provisions of administrative rules to which no answer is required. These rules speak for themselves. To the extent an answer is required, PSE denies the allegations in paragraph 29.

32. PSE denies that a fine of \$400,000 is proper under the facts of this situation.

33. Answering paragraph 31, paragraph 31 contains legal conclusions for which answers are inappropriate and they restate provisions of administrative rules to which no answer is required. These rules speak for themselves.

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VI. COMPLAINT

34. Paragraph 32 of the Complaint states legal opinions or conclusions or describes procedural matters for the conduct of the hearing into this matter that do not require an answer. Thus, PSE neither admits nor denies paragraph 32 of the Complaint. Generally, PSE denies allegations that it violated rules by failing to conduct leak surveys. PSE and its expert consultants promptly undertook extensive leak surveys (first including an area of 105

1 city blocks, second an area of 250 city blocks) in an effort to encompass, locate and review
2 all facilities affected or potentially affected by the electric arcing event—the source of which
3 was unknown at the time. Moreover, the vast majority of that survey work was conducted in
4 the dark, on a Sunday evening, Sunday night and the early hours of Monday morning. The
5 two surveys focused on facilities with wrapped steel, given the nature of the event and the
6 ability of steel to conduct electric current. PSE denies that the Commission should impose
7 on PSE the penalties recommended in the Complaint. If the Commission determines that
8 penalties should be imposed, the amount of the penalty should be significantly reduced given
9 PSE's prompt response, its efforts to locate any facilities affected by the electric arcing event,
10 and PSE's cooperation both before and after the explosion. Further, any penalty should be
11 reduced given PSE's progress in implementing a new GIS-based mapping system.
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23 Additionally, any penalty should be reduced given PSE's overall commitment to safety, as
24 evidenced by PSE's actions before and after the explosion.
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26 DEFENSES AND AFFIRMATIVE DEFENSES

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29 35. Imposition of the total potential penalties alleged in the Complaint or Staff's
30 recommended imposition of penalties totaling \$400,000.00 would not be appropriate in this
31 case. "The assessment of penalties for violations of law is meant to be corrective, not
32 retributive. The purpose is to secure compliance by incenting reasonable and appropriate
33 conduct by the offending party." *MCI Metro Access Transmission Serv., Inc. v. U S WEST*
34 *Comm., Inc.*, WUTC No. UT-971063, ¶ 154 (Feb. 10, 1999) ("*MCI Metro*").
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41 36. PSE is responsible for the construction and maintenance of an extensive
42 natural gas pipeline system and has numerous programs and procedures in place to seek to
43 ensure that its system is safe. PSE received the first call reporting a gas odor at 1:37 p.m. on
44 September 25, 2011, and arrived on site 12 minutes later. Likewise PSE had additional staff
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1 on site within 25 minutes of the second call. Leak surveys were undertaken promptly. After
2 the explosion, PSE arrived immediately to investigate the explosion and conduct additional
3 leak surveys, covering the entire neighborhood with personnel to ensure public safety. The
4 violations alleged in the Complaint do not represent knowing or intentional conduct by PSE
5 that was gross or malicious.
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11 37. Moreover, Commission Staff noted that the gas leak related to the explosion
12 was the result of a nearby high voltage power line owned by Seattle City Light that fell to the
13 ground and energized the gas system in the area—as a result of first energizing a chain link
14 fence, a metal fence post, and an abandoned water system. These circumstances were highly
15 unusual. In response, PSE and Seattle City Light have worked to enhance communication
16 procedures, intending to improve their response to such situations. PSE has also worked with
17 other electric providers whose systems overlap PSE’s gas system to improve
18 communications. Those efforts continue.
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27 38. Finally, at the time of this event, PSE was already in the process of
28 implementing improvements to its mapping system, specifically its new GIS system that
29 provides significant and detailed enhancements to PSE’s mapping and gas system
30 information. Thus, imposition of \$400,000.00, as recommended by Commission Staff,
31 would serve a retributive and not corrective function, and would not meet the Commission's
32 standard for imposition of penalties.
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39 **CLAIM FOR RELIEF**
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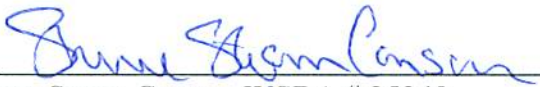
41 39. Having answered the specific allegations in the Commission complaint, PSE
42 requests that PSE and Commission Staff work together to identify opportunities to improve
43 communication among other utilities and to promote more public awareness of gas safety.
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47 PSE further requests, if a penalty is imposed, that the penalty be reduced below the

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\$400,000.00 penalty recommended in this complaint, and that such penalty comply with the standards set forth in RCW 80.28.212 and the Commission's Enforcement Policy issued in Docket A-120061.

DATED: March 21, 2013.

PERKINS COIE LLP

By 
Sheree Strom Carson, WSBA # 25349
Donna Barnett, WSBA # 36794
Attorneys for Respondent Puget Sound Energy, Inc.

1 STATE OF WASHINGTON)
2) ss.
3 COUNTY OF KING)
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Cheryl A. McGrath, being first duly sworn, deposes and says that she is the Manager of Compliance and Regulatory Audits-Gas for Puget Sound Energy, Inc.; that she has read the foregoing Answer to Complaint and knows the contents thereof; that the facts set forth therein are true based on her own knowledge, except as to matters which are therein stated on information or belief, and as to those matters, she believes them to be true.

Cheryl A. McGrath
Cheryl A. McGrath

SUBSCRIBED and SWORN to before me this 21st day of March, 2013, by
Cheryl A. McGrath.

Cynthia Main
Print Name: CYNTHIA MAIN
Notary Public in and for the State of Washington,
residing at Kimberland
My commission expires: 9-29-2015

