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OFFICE OF THE  
COMMISSIONER  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

April 1, 2009

David W. Danner, Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

Attn: Anne Soiza, Director, Pipeline Safety

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

Dear Anne,

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, 2008, WSSAP Service Mitigation Plan for 2009, Leak Status Report for 2008, and the Electrical Survey Schedule.

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

**WSSAP Mitigation as of December 31, 2008:**

This table shows the number of services mitigated through the WSSAP Program through 2008 by mitigation category as well as the number of services mitigated through other activities such as bare steel main replacement, main relocates due to public improvement activities, service retirement, and additional records review.

As indicated in this table, the target for 2008 was to mitigate all 99 of the priority services from the 2007 model run and 1,300 of the scheduled replacement services. PSE was able to mitigate all of the 99 priority services and 2,461 of the scheduled replacement services.

The table also shows that the total number of WSSAP services has decreased from 101,191 to 97,833, a net decrease of more than 3,300 services.

**WSSAP Mitigation Plan for 2009:**

This table shows the number of services PSE is targeting to mitigate through WSSAP in 2009 relative to the 2008 model results. As indicated in this table, all the priority services as well as 2,200 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 prior years.

**Leak Status Report for 2008:**

The leak status report for 2008 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 0.07% 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 has been communicating with Staff our schedule for performing electrical surveys and subsequent direct examinations. PSE will continue to keep Staff informed of the schedule for performing this work. PSE has already communicated to Staff an initial list of services that have been selected for electrical survey in 2009. PSE is in the process of selecting the remaining services to perform electrical surveys on for 2009 and will be submitting that information, including a schedule, to Staff when it is complete.

**Electrical Survey Schedule**

Year	Target # of Electrical Surveys	Actual
2007	200	200
2008	250	227*
2009	275	
2010	275	

\* An additional 23 services were electrically surveyed in the first part of 2009 to meet the target for the total number of services electrically surveyed.

In accordance with the settlement agreement, PSE will be running the risk model again in 2009 to determine the services in each mitigation category and plan service replacement work for 2010. 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 425-462-3967.

Sincerely,



Helge H. Ferchert  
 Manager, Compliance and Regulatory Audits, Gas

- cc: Eric Markell  
 Karl Karzmar  
 Duane Henderson  
 Mike Hobbs  
 Bert Valdman  
 Sue McLain

### WSSAP Mitigation as of December 31, 2008

Mitigation Category	2007 Model Results	2008 Target	Mitigated Through WSSAP	Other Mitigation	Total Mitigation	Pending Mitigation/ Remaining in Category
Priority	216/99*	216/99*	66	33	99	0
Scheduled Replacement	8,092	1,300	1,277	1,184	2,461	5,631
Increased Leak Survey	23,258	NA	17	478	495	22,763
Standard Mitigation	69,742	NA	9	294	303	69,439
<b>Subtotal</b>	<b>101,191**</b>	<b>1,399</b>	<b>1,369</b>	<b>1,989</b>	<b>3,358</b>	<b>97,833</b>

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

\*\* Excluding the priority services that were mitigated in 2007.

## WSSAP Mitigation Plan for 2008

<b>Mitigation Category</b>	<b>2008 Model Results</b>	<b>2009 Target</b>
Priority	212	212
Scheduled Replacement	4,682	2,200
Increased Leak Survey	22,913	NA
Standard Mitigation	68,660	NA
Subtotal	96,467	2,412

### Leak Status Report for 2008 –

Mitigation Category	# Active Leaks	# Repaired Leaks by Cause	# Leaks Discovered in 2007	% of services with leak discovered
Priority	8	3 – Corrosion 1 - Construction/material defect 1 – Excavation 5 – Other 10 – Total	18	8.3%
Scheduled replacement	0	10 – Corrosion 3 - Construction/material defect 2 – Excavation 6 – Other 21 – Total	21	0.26%
Increased Leak Survey	3	8 – Corrosion 3 - Construction/material defect 7 – Excavation 9 – Other 27 – Total	30	0.13%
Standard Mitigation	7	10 – Corrosion 6 - Construction/material defect 11 – Excavation 18 – Other 45 – Total	52	0.07%