

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY, INC.

Respondent.

DOCKET NO. UG-000576

STIPULATED AGREEMENT TO
CLOSE DOCKET

- 1 This Stipulated Agreement to Close Docket (Agreement) is entered into between Puget Sound Energy, Inc. (PSE) and the Commission Staff (Parties). The Agreement consists of this "Stipulated Agreement to Close Docket" and Appendix A attached hereto. This Agreement is subject to review and disposition by the Washington Utilities and Transportation Commission (Commission), and it is not effective until approved by the Commission.
- 2 The Parties understand the process for approval is at the discretion of the Commission. However, the Parties believe the Commission may close this docket under the conditions stated herein by means of taking action on the consent agenda at an open public meeting, if the Commission desires to do so. The Parties will recommend that procedure to the Commission.
- 3 In this docket, the Commission conducted a safety inspection of certain new construction facilities of PSE located in the area of Puyallup, Auburn and Lacey, Washington.
- 4 The Commission Staff issued a "Non-Compliance Report" (Report) alleging several violations of Commission statutes and rules regarding the installation, construction and inspection of polyethylene natural gas lines by PSE. Included in the Report were allegations that some violations were repeat violations.

5 PSE responded to the Report in good faith by investigating, remediating, re-
stating the Company's policies and procedures, and identifying corrective
actions taken by PSE in an attempt to ensure compliance with the regulations.

6 The parties have discussed the means by which this docket can be closed
without further action by the Commission. The parties agree and stipulate as
follows:

7 1. PSE concurs that there were 5 violations of Commission rules regarding
the installation of polyethylene service lines.

8 2. PSE agrees that PSE will amend its Gas Operating Standards Manual to
be in substantial conformity to the language in Appendix A to this Agreement,
which contains the text of certain operating standards for "Continuing
Surveillance" and "Examining Buried Pipelines." These amendments will be
effective on or before April 1, 2005. PSE agrees that it will observe the
standards contained in Appendix A after those standards become effective,
and as those standards may be revised from time to time as required by
regulations and PSE policies. Among other things, those standards will
require PSE to make specific inspections of existing polyethylene pipe and
backfill when that pipe is exposed for maintenance, repair or other reasons. If
PSE wishes to revise its Gas Operating Standards Manual to substantially
modify its procedures for making specific inspections of existing polyethylene
pipe and backfill when that pipe is exposed for maintenance, repair or other
reasons, PSE will petition the Commission for approval of such revisions.

9 3. PSE will continue leak surveys at the current five-year interval (*i.e.*, each
service line will be leak surveyed once every five years) through 2005. By the
end of 2005, all services installed between 1996 and 2000 will have been leak
surveyed at least one time. Beginning in 2006, PSE will perform service and
main leak surveys on an accelerated, three-year interval schedule. By 2008,
this will result in all services having been leak surveyed at least twice since
installation. Following the completion of the leak surveys in 2008, PSE will
review the leak survey data from 1996 to 2008. If there has been no
statistically significant increase in leaks in polyethylene pipe over that period,
PSE may return to the five-year leak survey interval for services.

- 10 4. PSE and Commission Staff agree that this docket may be closed upon Commission approval of this Agreement.

- 11 Nothing in this Agreement prevents or places any conditions upon the Commission Staff from recommending to the Commission enforcement action based on facilities that Staff believes are out of compliance that are not described in the Report, and nothing in this Agreement prevents or places any conditions upon PSE from contesting any such enforcement action, if any.

- 12 This is the entire agreement of the parties. It may not be cited as precedent in any proceeding other than a proceeding to enforce the terms of this Agreement.

- 13 This Agreement is considered executed when all Parties sign the Agreement. A designated and authorized representative may sign the Agreement on a Party's behalf. The Parties may execute this Agreement in counterparts. If the Agreement is executed in counterparts, all counterparts shall constitute one agreement. An Agreement signed in counterpart and sent by facsimile is as effective as an original document. A faxed signature page containing the signature of a Party is acceptable as an original signature page signed by that Party. Each Party shall indicate the date of its signature on the Agreement. The date of execution of the Agreement will be the latest date indicated on the signatures.

- 14 Upon execution, the Commission Staff will make reasonable efforts to have the matter placed on the next reasonably available open meeting agenda. If this matter is not handled at a Commission open public meeting, the Parties agree to support the Agreement during the course of whatever reasonable procedures the Commission determines are appropriate.

For Commission Staff:

 Donald T. Trotter
 Assistant Attorney General

For Puget Sound Energy, Inc.

 Susan McLain
 Senior Vice President for
 Operations

 Date signed:

 Date signed:

