

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKET PG-041624

JOINT PETITION TO APPROVE
AMENDED SUBSTITUTE SECOND
SETTLEMENT AGREEMENT

I Pursuant to WAC 480-07-370(3), Puget Sound Energy (“PSE”) and the City of Bellevue hereby submit this Joint Petition for Approval of an Amended Substitute Second Settlement Agreement (“Amended Agreement”), submitted herewith. As described below, PSE, the regulatory staff (“Staff”) of the Washington Utilities and Transportation Commission (“Commission”), and the City of Bellevue entered into an Amended Substitute Second Settlement Agreement in this proceeding in order to terminate the risk modeling and reporting requirements related to PSE’s Wrapped Steel Service Assessment Program (“WSSAP”). PSE and the City of Bellevue request an order approving the Amended Agreement. Staff has reviewed this Petition and has informed PSE and the City of Bellevue that it does not object to its approval, including termination of all risk modeling and reporting requirements agreed to by PSE and the City of Bellevue and the closing of this docket.

JOINT PETITION TO APPROVE AMENDED
SUBSTITUTE SECOND
SETTLEMENT AGREEMENT — 1

I. STATEMENT OF FACTS AND RELIEF REQUESTED

2 Docket PG-041624 is a complaint proceeding arising from a natural gas explosion that occurred on September 2, 2004. The Commission initiated an emergency adjudication following the explosion, and both PSE and Staff participated in a comprehensive examination of the causes of the explosion. Following the investigation, PSE, Staff, and the City of Bellevue (“Parties”) entered into a full settlement agreement pursuant to WAC 480-07-730(1), which resolved all issues in the complaint. No other parties participated in the adjudication. The settlement agreement was modified slightly, and the revised agreement was approved by the Commission in Order 07 on October 7, 2005.

3 The revised settlement agreement called for PSE to gather pipeline data and collaborate with Staff on a risk assessment program. On October 19, 2005, the settlement agreement was modified again, this time to more accurately reflect language of the complaint initiating the proceeding. On May 4, 2007, the Parties filed with the Commission a Second Settlement Agreement resolving differences over reliability of the WSSAP. The Parties subsequently filed a Substitute Second Settlement Agreement, which included minor changes resulting from the settlement hearing on the Second Settlement Agreement. The Commission approved the Substitute Second Settlement Agreement in Order 09, dated June 18, 2007.

4 As part of the Substitute Second Settlement Agreement, the Parties agreed that PSE would conduct risk modeling and submit various reports to the Commission and the City of Bellevue regarding the WSSAP. Specifically, paragraphs 21, 22, and 24 through 26 provide the following:

21. PSE will continue to update the Wrapped Steel Service Assessment Program model to better assess the validity of the model and the ongoing propriety of PSE's service replacement strategies. If any annual status report provided pursuant to paragraph 24 of this Agreement demonstrates that the number of leaks in the standard mitigation category exceeds 2.76 percent of the services within such category (six (6) times the historic PSE leak rate (0.46 percent)), then PSE shall recalibrate the Wrapped Steel Service Assessment Program model to more accurately reflect the risk of failure of services within such category.
22. PSE shall submit to the Commission on or before September 15 of each calendar year an updated Wrapped Steel Service Assessment Program model run and explain any changes in the mitigation category population.
24. PSE shall submit to the Commission on or before April 1 of each calendar year a status report that identifies the number of leaks discovered, by cause, in the Wrapped Steel Service Assessment Program population during the previous calendar year. PSE shall submit the first such status report on or before April 1, 2008.
25. PSE shall submit to the Commission on or before April 1 of each calendar year a status report that identifies the number of Wrapped Steel Service Assessment Program services replaced during the previous calendar year. PSE shall submit the first such status report on or before April 1, 2008;
26. PSE shall submit to the City of Bellevue on or before of April 1 of each calendar year a status report that identifies the number of leaks discovered, by cause and location, in the Wrapped Steel Service Assessment Program population within the City of Bellevue during the previous calendar year. PSE shall submit to the City of Bellevue on or before April 1 of each calendar year a report that identifies, by location, Wrapped Steel Service Assessment Program services replaced within the City of Bellevue during the previous calendar year. PSE also shall submit to the City of Bellevue on or before September 15th of each calendar year an updated Wrapped Steel Service Assessment Mitigation Program model run for services in the City of Bellevue and explain any changes in the mitigation category population.

5 PSE began risk modeling wrapped steel pipe in 2004 as a result of the initial settlement agreement, and PSE has submitted the required reports each year since 2008. Each report has been provided to Staff and the City of Bellevue as part of this proceeding.

6 In December 2009 the Pipeline and Hazardous Materials Safety Administration adopted regulations for Distribution Integrity Management Programs ("DIMP"), which require risk

modeling to be performed on all system assets, including wrapped steel pipe. 49 CFR Part 192. The risk modeling and reporting obligations under the Substitute Second Settlement Agreement are now redundant because PSE is obligated to conduct risk modeling of wrapped steel pipe, along with all other asset types, through DIMP. 49 CFR §192.1007. *See also* 49 CFR §191.11. Further, PSE has agreed to provide the City of Bellevue with ongoing and more detailed information on natural gas leaks within the city of Bellevue pursuant to a separate memorandum of understanding (“MOU”) between PSE and the City of Bellevue. Attached hereto as Attachment A is a copy of the MOU by and between PSE and the City of Bellevue. PSE has satisfied all its obligations contained in the Substitute Second Settlement Agreement and the Amended Agreement satisfies the terms of the Substitute Second Settlement Agreement because PSE will continue to conduct risk modelling and reporting pursuant to the DIMP and the MOU.

7 The Parties have amended the Substitute Second Settlement Agreement to terminate the risk modeling and reporting requirements provided in paragraphs 21, 22, and 24-26 of the agreement. No other substantive changes were made to the Substitute Second Settlement Agreement. With approval of the Amended Agreement, all obligations under the Substitute Second Settlement Agreement will be terminated, having either been satisfied or superseded by the MOU with the City of Bellevue and PSE’s DIMP. Accordingly, if the Commission chooses to approve the Amended Substitute Second Settlement Agreement as requested herein, then the Commission should close this docket.

II. AMENDED SUBSTITUTE SECOND SETTLEMENT AGREEMENT

8 PSE and the City of Bellevue respectfully request that the Commission approve the Amended Substitute Second Settlement Agreement and replace the Substitute Second Settlement Agreement to effectuate the following changes:

(1) Add the following after the last sentence of paragraph 21:

Following its 2020 model run submission pursuant to paragraph 21 of the Substitute Second Settlement Agreement, PSE is no longer required to utilize the Wrapped Steel Service Assessment Program model to determine replacement prioritization.

(2) Add the following after the last sentence of paragraph 22:

Following its April 2021 submission, PSE is no longer required to submit such model runs.

(3) Add the following after the last sentence of paragraph 24:

Following its April 2021 submission, PSE is longer required to submit such reports.

(4) Add the following after the last sentence of paragraph 25:

Following its April 2021 submission, PSE is longer required to submit such reports.

(5) Add the following after the second sentence of paragraph 26:

Following its April 2021 submission, PSE is longer required to submit such reports.

III. AUTHORITY

9 Under WAC 480-07-750(2), the Commission will approve a settlement if it is lawful, supported by an appropriate record, and consistent with the public interest in light of all the information available to the commission. Here, the Commission approved the Substitute Second Settlement Agreement in Order 09 in this proceeding based on the agreement and record in this proceeding. The only substantive changes to the Substitute Second Settlement Agreement

proposed by the Amended Agreement are to end duplicative modeling and reporting requirements. Since PSE is required to carry out a DIMP and submit all applicable reports pursuant to 49 CFR §192 and a separate agreement with the City of Bellevue, requiring PSE to also submit them and serve them on Staff and the City of Bellevue pursuant to the Substitute Second Settlement Agreement is unnecessary and duplicative. The Amended Agreement is consistent with the law and the public interest because it eliminates the unnecessary duplication of work while still ensuring that PSE complies with all the requirements contemplated by the Parties and the Commission in this proceeding.

10 PSE has collaborated with Staff and the City of Bellevue to ensure all risk modeling and reporting contemplated under the Substitute Second Settlement Agreement continue, uninterrupted, pursuant to PSE's DIMP. PSE has also executed an MOU with the City of Bellevue to ensure the City of Bellevue receives more detailed, specific and customized information on natural gas leaks within the city of Bellevue. The risk modeling and reporting requirements pursuant to the Substitute Second Settlement Agreement are duplicative of the risk modeling and reporting requirements pursuant to DIMP, and it is in the public interest to amend the Substitute Second Settlement Agreement to eliminate this duplication. PSE will continue to collaborate and cooperate with Staff and the City of Bellevue to provide all risk modeling and reports contemplated under the Substitute Second Settlement Agreement without the unnecessary administrative burden of duplicate submissions.

11 The ongoing safety of the residents of the City of Bellevue is being adequately examined and addressed through the investigation and mitigation/replacement program being undertaken by PSE as part of the DIMP. The City of Bellevue and PSE executed an MOU in which PSE

will provide the City of Bellevue with ongoing and more detailed information on natural gas leaks within the city of Bellevue. This customized information is more valuable to the City of Bellevue than the reports required pursuant to the Substitute Second Settlement Agreement, and the City of Bellevue no longer wishes to receive the reports called for under the Substitute Second Settlement Agreement.

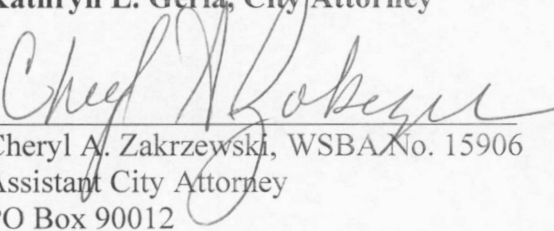
12 The City of Bellevue supports this Petition and recommends that the Commission approve the Amended Substitute Second Settlement Agreement and close this docket. Amendment of the Substitute Second Settlement Agreement is in the public interest because it reduces duplicative reporting while allowing the City of Bellevue to continue to receive the information most valuable to the safety of its residents.

IV. CONCLUSION

13 PSE and the City of Bellevue request that the Commission approve the Amended Substitute Second Settlement Agreement as described above and submitted herewith, to replace the Substitute Second Settlement Agreement and terminate risk modeling and all reporting requirements provided therein. Having satisfied all other requirements and obligations under the Substitute Second Settlement Agreement, the Commission should close this docket.

Respectfully submitted this 16th day of August 2021.

**CITY OF BELLEVUE
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