

## MEMORANDUM OF UNDERSTANDING

This Memorandum of Understanding (“**MOU**”) is made and entered into on March 31, 2021 (“**Effective Date**”) by and between Puget Sound Energy, Inc. (“**PSE**”), a Washington corporation, with its principal place of business in Bellevue, Washington, and the City of Bellevue (“**City**”), a municipal corporation. PSE and the City are each referred to in this MOU as a “**Party**” and collectively as the “**Parties.**”

### RECITALS

**WHEREAS**, PSE, the City, and staff (“**Staff**”) of the Washington Utilities and Transportation Commission (“**Commission**”) are parties to Docket PG-041624, which is a complaint proceeding initiated by the Commission arising from a natural gas explosion that occurred in Bellevue, Washington on September 2, 2004;

**WHEREAS**, Docket PG-041624 resulted in a settlement agreement that resolved all issues in the complaint;

**WHEREAS**, that settlement agreement was approved by the Commission and later modified by a substitute subsequent settlement agreement (“**Settlement Agreement**”), which was also approved by the Commission.

**WHEREAS**, as part of the Settlement Agreement, the parties in Docket PG-041624 agreed that PSE would conduct risk modeling and submit various reports to the Commission and the City regarding PSE’s Wrapped Steel Service Assessment Program. PSE has, to date, conducted such modeling and submitted such reporting pursuant to the Settlement Agreement.

**WHEREAS**, in December 2009 the Pipeline and Hazardous Materials Safety Administration (“**PHMSA**”) adopted regulations for Distribution Integrity Management Programs (“**DIMP**”), which require risk modeling to be performed on all system assets, including wrapped steel pipe, pursuant to 49 C.F.R. §192, and to produce a public yearly report.

**WHEREAS**, the PSE’s public yearly DIMP report does not contain specific information on natural gas leaks within the City of Bellevue.

**WHEREAS**, while the City wishes to receive the information called for by the Settlement Agreement, PSE has offered to provide the City with ongoing and more detailed information on natural gas leaks within the city of Bellevue in the form attached to this MOU.

**NOW THEREFORE**, in consideration of the mutual agreements set forth in this MOU, the Parties agree as follows:

#### **1. Reporting to City**

- a. PSE will submit a report(s) to the City with information on repaired natural gas leaks within the City of Bellevue, including:
  - i. the leak grade and cause of each leak;
  - ii. the vintage and material type of pipe that was repaired;
  - iii. the type of facility (i.e. service/main) that was repaired;

- iv. comparison of repaired leaks in PSE system and City of Bellevue.
- b. PSE will provide such information no later than March 31 of each year to the Supervising Litigation Assistant City Attorney. The information in Section 1(a), above, shall cover leaks repaired by PSE during the prior calendar year and shall be provided substantially in the same form as the reports attached hereto as Attachment A.
- c. PSE will schedule an annual in-person meeting with the City to review mapped information, including a map of repaired leaks from the prior year and scheduled leak repairs for the current year, with such meeting occurring by mid-April of each calendar year. The scheduling of this meeting will be coordinated with the City's Supervising Litigation Assistant City Attorney.
- d. PSE will provide a copy of its yearly DIMP report to the Supervising Litigation Assistant City Attorney coincident with the distribution of this report to the WUTC, typically by June 1 of each calendar year.

**2. Discontinue Reporting in Docket PG-041624**

The City agrees to cooperate with PSE and Staff to amend the Settlement Agreement and Order 09 in Docket PG-041624 to discontinue the reporting requirements therein.

**3. Term**

This MOU shall take effect on the Effective Date and continue unless and until terminated earlier by mutual consent of the Parties.

**4. Applicable Law and Dispute Resolution**

This MOU shall be governed and construed in all respects by the laws of the State of Washington, without regard to its principles of choice of law and conflicts of laws. The provisions of this MOU may not be modified, amended or waived, except by a written instrument duly executed by all the Parties. Any dispute arising in connection with this MOU shall be first decided by good faith discussions between the Parties; failing resolution after such discussions, the parties may seek all remedies available at law or equity.

**5. Miscellaneous**

5.1 This MOU must be executed by both Parties to be valid.

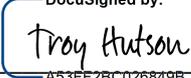
5.2 This MOU may be executed in any number of counterparts, each of which is deemed to be an original, and such counterparts together constitute one and the same instrument. Transmission of an executed signature page by facsimile, email or other electronic means is as effective as a manually executed counterpart of this MOU.

5.3 Except as provided above with respect to Docket PG-041624, this MOU represents the entire understanding between the Parties with respect to the subject matter hereof and supersedes all prior communications, agreements and understandings relating thereto.

**IN WITNESS WHEREOF**, the Parties have executed this MOU as of the date first above written.

For and on behalf of

**PUGET SOUND ENERGY, INC.**

By  \_\_\_\_\_  
DocuSigned by:  
A53FF2BC026849B...

Name: Troy Hutson

Title: Director Compliance

For and on behalf of

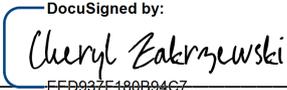
**THE CITY OF BELLEVUE**

By  \_\_\_\_\_  
DocuSigned by:  
77B85E1D16344C8...

Name: Brad Miyake

Title: City Manager

APPROVED AS TO FORM:

 \_\_\_\_\_  
DocuSigned by:  
EED937F180B04G7...

Assistant City Attorney

## APPENDIX A

## 2019 – City of Bellevue Repaired Leak Data

Vintage/Cause Code/Leak Grade	Main		Main Total	Service		Service Total	Grand Total
	Plastic	Steel Wrap		Plastic	Steel Wrap		
<b>1950</b>		<b>3</b>	<b>3</b>				<b>3</b>
<b>Equipment Failure</b>		<b>3</b>	<b>3</b>				<b>3</b>
B2		1	1				1
BA		1	1				1
C		1	1				1
<b>1960</b>		<b>9</b>	<b>9</b>		<b>4</b>	<b>4</b>	<b>13</b>
<b>Corrosion</b>		<b>1</b>	<b>1</b>				<b>1</b>
C		1	1				1
<b>Equipment Failure</b>		<b>7</b>	<b>7</b>		<b>1</b>	<b>1</b>	<b>8</b>
B1		3	3				3
B2		1	1		1	1	2
BA		1	1				1
C		2	2				2
<b>Excavation Damage</b>					<b>1</b>	<b>1</b>	<b>1</b>
A					1	1	1
<b>Other</b>					<b>1</b>	<b>1</b>	<b>1</b>
B2					1	1	1
<b>Other Outside Force Damage</b>		<b>1</b>	<b>1</b>		<b>1</b>	<b>1</b>	<b>2</b>
A		1	1		1	1	2
<b>1970</b>	<b>2</b>	<b>1</b>	<b>3</b>	<b>10</b>	<b>1</b>	<b>11</b>	<b>14</b>
<b>Corrosion</b>				<b>1</b>		<b>1</b>	<b>1</b>
A				1		1	1
<b>Equipment Failure</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>		<b>2</b>	<b>4</b>
A				2		2	2
BA	1		1				1
C		1	1				1
<b>Excavation Damage</b>				<b>5</b>	<b>1</b>	<b>6</b>	<b>6</b>
A				5		5	5
B1					1	1	1
<b>Incorrect Operations</b>				<b>1</b>		<b>1</b>	<b>1</b>
A				1		1	1
<b>Natural Force Damage</b>				<b>1</b>		<b>1</b>	<b>1</b>
A				1		1	1
<b>Pipe, Weld, or Joint Failure</b>	<b>1</b>		<b>1</b>				<b>1</b>
B1	1		1				1
<b>1980</b>	<b>2</b>		<b>2</b>	<b>15</b>		<b>15</b>	<b>17</b>
<b>Excavation Damage</b>	<b>2</b>		<b>2</b>	<b>15</b>		<b>15</b>	<b>17</b>
A	2		2	15		15	17
<b>1990</b>	<b>4</b>	<b>2</b>	<b>6</b>	<b>12</b>		<b>12</b>	<b>18</b>
<b>Equipment Failure</b>		<b>1</b>	<b>1</b>	<b>1</b>		<b>1</b>	<b>2</b>
A				1		1	1
B2		1	1				1
<b>Excavation Damage</b>	<b>3</b>		<b>3</b>	<b>8</b>		<b>8</b>	<b>11</b>
A	3		3	8		8	11

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<b>Incorrect Operations</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>2</b>
B1			1	1	1
B2	1	1			1
<b>Natural Force Damage</b>			<b>1</b>	<b>1</b>	<b>1</b>
A			1	1	1
<b>Other</b>			<b>1</b>	<b>1</b>	<b>1</b>
C			1	1	1
<b>Pipe, Weld, or Joint Failure</b>	<b>1</b>	<b>1</b>			<b>1</b>
A	1	1			1
<b>2000</b>	<b>1</b>	<b>1</b>	<b>4</b>	<b>4</b>	<b>5</b>
<b>Equipment Failure</b>			<b>1</b>	<b>1</b>	<b>1</b>
BA			1	1	1
<b>Excavation Damage</b>	<b>1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>
A	1	1	2	2	3
<b>Natural Force Damage</b>			<b>1</b>	<b>1</b>	<b>1</b>
A			1	1	1
<b>2010</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>7</b>	<b>8</b>
<b>Equipment Failure</b>			<b>2</b>	<b>2</b>	<b>2</b>
B1			1	1	1
B2			1	1	1
<b>Excavation Damage</b>	<b>1</b>	<b>1</b>	<b>3</b>	<b>3</b>	<b>4</b>
A	1	1	3	3	4
<b>Natural Force Damage</b>			<b>1</b>	<b>1</b>	<b>1</b>
A			1	1	1
<b>Other Outside Force Damage</b>			<b>1</b>	<b>1</b>	<b>1</b>
A			1	1	1
<b>Grand Total</b>	<b>10</b>	<b>15</b>	<b>25</b>	<b>48</b>	<b>5</b>
					<b>53</b>
					<b>78</b>

**Legend of Codes**

**Leak Grade** - Based on the evaluation of the location and/or magnitude of a leak, one of the following leak grades shall be assigned, thereby establishing the leak repair priority:

**Grade A** - A leak that represents an existing or probable hazard to persons or property and requires prompt action, immediate repair, or continuous action until the conditions are no longer hazardous.

**Grade B** - A leak recognized as being not hazardous at the time of detection but justifies scheduled repair based on the potential for creating a future hazard.

Grade B leaks shall be repaired or cleared within 15 months from the date the leak is reported.

An additional scheduling priority is applied to B leaks due to the varying degree of potential hazard.

B(A) - Repair or re-evaluate the next working day

B(1) - Repair or reevaluate within 30 days

B(2) - Repair or reevaluate within 6 months

**Grade C** - A leak that is not hazardous at the time of detection and can reasonably be expected to remain not hazardous.

Grade C leaks are re-evaluated annually and are repaired either when opportunities are present due to another project in the area or during a targeted repair initiative

**Leak Cause** - PSE analyzes many aspects of system performance including trends on identified system threats.

**Corrosion failure** - Metallic pipe or facilities that encounter electrochemical reactions between materials and substances in their environment.

**Natural force damage** - Types of occurrences include snow or ice damage, earth movement, flooding, large tree roots, frost heave, and wildfires that may affect facilities.

**Excavation damage** - Buried facilities are damaged where digging occurs by work crews.

**Other outside force damage** - Examples include vehicle damage, construction demolition damaging facilities, vandalism, or fire.

**Pipe, weld or joint failure** - Leakage due to material or weld defects such as pipe cracking or breaking on the body of the pipe or at the joints.

**Equipment failure** - Examples include valves, meters, or service regulators. Types of failures include dried pipe dope or valve grease.

**Incorrect operations** - Failures due to operator personnel or contractor installation practices such as a cap installed without pipe dope or an o-ring.

**Other cause** - Typically these are non-exposed facilities that were isolated and replaced without seeing the actual leak to determine a cause.

APPENDIX A

2019 Repaired Leaks by Material Type							
Cause Code	Main		Main Total	Service		Service Total	Grand Total
	Plastic	Steel		Plastic	Steel		
		Wrap			Wrap		
Corrosion		1	1	1		1	2
Equipment Failure	1	12	13	6	1	7	20
Excavation Damage	7		7	33	2	35	42
Incorrect Operations		1	1	2		2	3
Natural Force Damage				4		4	4
Other				1	1	2	2
Other Outside Force Damage		1	1	1	1	2	3
Pipe, Weld, or Joint Failure	2		2				2
<b>Grand Total</b>	<b>10</b>	<b>15</b>	<b>25</b>	<b>48</b>	<b>5</b>	<b>53</b>	<b>78</b>

2019 Repaired Leaks by Leak Grade														
Cause Code	Main					Main Total	Service					Service Total	Grand Total	
	A	B1	B2	BA	C		A	B1	B2	BA	C			
Corrosion					1	1	1						1	2
Equipment Failure		3	3	3	4	13	3	1	2	1			7	20
Excavation Damage	7					7	34	1					35	42
Incorrect Operations			1			1	1	1					2	3
Natural Force Damage							4						4	4
Other									1		1		2	2
Other Outside Force Damage	1					1	2						2	3
Pipe, Weld, or Joint Failure	1	1				2								2
<b>Grand Total</b>	<b>9</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>5</b>	<b>25</b>	<b>45</b>	<b>3</b>	<b>3</b>	<b>1</b>	<b>1</b>		<b>53</b>	<b>78</b>

2019 Repaired Leaks by Pipe Vintage																	
Cause Code	Main							Main Total	Service							Service Total	Grand Total
	1950	1960	1970	1980	1990	2000	2010		1960	1970	1980	1990	2000	2010			
Corrosion		1						1		1						1	2
Equipment Failure	3	7	2		1			13	1	2		1	1	2		7	20
Excavation Damage				2	3	1	1	7	1	6	15	8	2	3		35	42
Incorrect Operations					1			1		1		1				2	3
Natural Force Damage										1		1	1	1		4	4
Other									1			1				2	2
Other Outside Force Damage		1						1	1						1	2	3
Pipe, Weld, or Joint Failure			1		1			2									2
<b>Grand Total</b>	<b>3</b>	<b>9</b>	<b>3</b>	<b>2</b>	<b>6</b>	<b>1</b>	<b>1</b>	<b>25</b>	<b>4</b>	<b>11</b>	<b>15</b>	<b>12</b>	<b>4</b>	<b>7</b>		<b>53</b>	<b>78</b>

## APPENDIX A

Comparison of 2019 repaired leaks per mile of pipe in PSE System and City of Bellevue	System	Bellevue
Main leaks repaired per mile of main	0.04	0.05
Service leaks repaired per mile of service*	0.09	0.10
Total leaks repaired or eliminated (excluding excavation damage) per system mile	0.03	0.04
Total leaks (All Repaired) per system mile	0.05	0.08
Number of repaired leaks (all) on protected steel mains per mile of protected steel mains	0.06	0.07
Number of repaired leaks (all) on protected steel services per mile of protected steel svcs**	0.07	0.04

**Notes:**

PSE System information is from 2019 AGA System Reliability Survey

Rate of total leaks per system mile for City of Bellevue indicate high impact of leaks caused by excavation damage.

\*The 'mile of service' is calculated using an average service length multiplied by the number of 'demand points' in the system. The average service length can vary from year to year based on information from PSE Plant Accounting but the comparison between City of Bellevue and PSE total system would remain relative.

\*\*To determine the miles of protected steel service, PSE's query for City of Bellevue stw services looked for demand points where the service extension - the portion between property line and meter - is identified as steel.