

March 14, 2006

Jim Hogan
Standards and Compliance Manager
Puget Sound Energy
PO Box 90868, EST-07W
Bellevue, Washington 98009-0868

Dear Mr. Hogan:

Subject: 2005 Standard Inspection of Gig Harbor LNG Satellite Plant

Commission pipeline safety staff inspected Puget Sound Energy's (PSE) Gig Harbor LNG Satellite facility located in Pierce County between November 21 and 22, 2005. This was an initial safety inspection after the facility was commissioned on November 19, 2004. The inspection included a review of the Operating & Maintenance (O&M) and Emergency Plans in accordance with 49 CFR Part 193, National Fire Protection Association 59A (1996 Edition), and maintenance records. We found no apparent violations as a result of the inspection.

Prior to the next annual inspection, we request your assistance by providing:

1. A copy of the LNG facility's O&M and Emergency Operating Manuals (193.2017).
2. An opportunity to attend a training exercise such as:
 - A plant fire drill with hands-on experience (193.2717(c)),
 - A liaison meeting with local fire officials for mutual assistance (193.2509(b)(4)), or
 - A liaison meeting with local law enforcement officials regarding current security procedures (193.2903(g)).

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We appreciated the opportunity to work with the PSE staff in a cooperative effort in reviewing the new procedures. In 2004, our inspector created a cross reference to the codes and manuals in cooperation with PSE staff. This reference was expanded in 2005 to be more comprehensive. Please communicate our thanks to Sharon Morgan for her skills in developing the new procedures and Aaron Drake for his efforts in compiling an index for the new manual.

As you know, PSE has the responsibility to review the operation and maintenance of the entire pipeline system on an ongoing basis to ensure that the company is in full compliance with all applicable state and federal pipeline safety requirements.

If you have any questions, please contact Al Jones, Pipeline Safety Engineer, at 360) 664-1321, and refer to docket number PG-050517 in any future correspondence regarding this inspection.

Thank you for your cooperation and interest in pipeline safety and integrity.

Sincerely,

Alan E. Rathbun
Pipeline Safety Director