

Agenda Date: September 30, 2021  
Item Number: E1

**Docket:** PG-041624  
Company: Puget Sound Energy

Staff: Sean Mayo, Pipeline Safety Director

### **Recommendation**

Approve the Amended Substitute Second Settlement Agreement and replace the Substitute Second Settlement Agreement as requested in the August 16, 2021, joint petition filed by Puget Sound Energy (PSE or Company) and the City of Bellevue (Bellevue), and close Docket PG-041624.

### **Discussion**

In 2005, PSE and the City of Bellevue entered into a full settlement agreement (Agreement or revised agreement) pursuant to WAC 480-07-730(1), which resolved all issues in the complaint filed in the wake of a September 2, 2004, natural gas explosion. The revised agreement called for PSE to gather pipeline data and collaborate with the Commission's Pipeline Safety Division staff (Staff) on a risk assessment program. After several revisions to the original Agreement were made for the purposes of resolving differences over reliability of the Wrapped Steel Assessment Program (WSSAP) and minor changes resulting from the settlement hearing, The Commission approved a Substitute Second Settlement Agreement in Order 09, dated June 18, 2007. This Substitute Second Settlement Agreement required PSE to conduct risk modeling and submit various reports to the Commission and Bellevue regarding the WSSAP.

PSE began modeling risk associated with wrapped steel pipe in 2004 and has been submitting reports to Staff and Bellevue as required since 2008. 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 distribution system assets, including wrapped steel pipe. The risk modeling and reporting obligations under the Substitute Second Settlement Agreement have become redundant since the 2009 adoption of 49 CFR §192.1007, which requires PSE to demonstrate an understanding of its gas distribution system, identify threats and rank risk, implement measures, such as an effective leak management program to address risks, measure performance of those risk measures, and report on the effectiveness of program measures to PHMSA and the Commission annually.

Pipeline safety division staff has reviewed the joint petition and the Amended Substitute Second Settlement Agreement and comparatively analyzed the amended modeling and reporting requirements to both the original Agreement and applicable federal and state natural gas pipeline integrity management regulations. Staff supports the amendments proposed in the Amended Substitute Second Settlement Agreement, as the modeling and reporting requirements originally imposed upon PSE are maintained as part of PSE's annual reporting requirements. Staff also

supports the information sharing and reporting measures contained in the Memorandum of Understanding between PSE and the City of Bellevue.

**Conclusion**

Staff recommends the Commission approve the Amended Substitute Second Settlement Agreement, replace the Substitute Second Settlement Agreement as requested in the August 16, 2021, joint petition filed by Puget Sound Energy and the City of Bellevue (Bellevue), and close Docket PG-041624.

Note: Attachment 1, Memorandum of Understanding Between PSE and City of Bellevue.