

Agenda Date: June 15, 2005  
Item Number: A2

**Docket:** UG-000576  
Puget Sound Energy (PSE) New Construction Settlement  
Agreement

**Staff:** Alan Rathbun, Pipeline Safety Director  
Steven King, Director of Safety and Consumer Protection  
Don Trotter – Assistant Attorney General

**Recommendation:**

Issue an order accepting the proposed settlement and close Docket No. UG-000576.

**Background:**

Commission gas pipeline safety rules contain basic requirements on the installation of underground gas service lines. The object of these rules is to prevent damage to the pipe that could result in a gas leak or rupture. For example, gas service lines must be buried to a depth of at least 12 inches, and the backfill must be free of materials that could damage the pipe. 49 CFR Part 192.361(a), (b) (In WAC 480-93-999, the Commission has adopted by reference these and other provisions of the federal gas pipeline safety rules contained in the Code of Federal Regulations ).

PSE's Gas Operating Standards Manual (O & M) prescribes the same 12-inch depth requirement, and requires the backfill to contain no sharp rocks or rocks larger than one-half inch in diameter, no objects over six inches in diameter, and no construction debris. O&M Parts 6.33.521, 6.33.6.1, 6.33.6.3. Commission rules require PSE to adopt an Operating Standards Manual, and follow it. 49 CFR Part 192.13(c).

Over a period of five years (1996-2000), Commission Staff conducted 5 separate inspections of PSE's underground gas service line installations at different locations in PSE's service area. Each time, Staff found probable violations pertaining to inadequate depth of coverage of service lines and/or the use of inappropriate material in backfilling the trench.

## **Resolution**

In response to each of the five Staff inspection reports, PSE acknowledged the problems (with few exceptions), corrected the problems, and gave assurances regarding future compliance. In response to the last two inspections (1999 and 2000), PSE also noted that it had made programmatic changes in its outside plant installation practices.

In particular, PSE instituted company-wide a "Quality Assurance Program" designed to address the sorts of the conditions Staff discovered. PSE also created new positions for a construction inspector, and a construction review board to oversee compliance in the area of new construction.

Staff believes the changes PSE made in its construction inspection standards are appropriate and have a good chance of addressing what Staff believes were systematic problems in PSE's service line installation practices. Staff believes, subject to verification, that the problems Staff observed prior to 2000 are not likely to recur if the program PSE instituted continues to be executed as planned.

Staff's principal remaining concern regards the time period before PSE's new programs were implemented and fully functioning. PSE's new programs do not address plant that was already "in the ground" before those programs were implemented. Thousands of natural gas services were installed during this time period. In particular, Staff is concerned about the natural gas service lines PSE installed prior to PSE's program changes in those areas of its service territory that have adverse soil conditions (*e.g.*, rocky soil).

The Settlement Agreement addresses Staff's concerns by requiring PSE to inspect the trenching of any service line that is exposed for other reasons (*e.g.*, construction or repair), to remediate any substandard conditions that are found, and to conduct leak surveys to detect any problems with existing pipe.

In particular, the Settlement Agreement stipulates that PSE will:

- Amend its Gas Operating Standards Manual to be in substantial conformity to the language in Appendix A to the Agreement, which contains the text of certain

operating standards for “Continuing Surveillance” and “Examining Buried Pipelines.” By these operating standards, PSE commits to inspect every service line exposed and remediate any substandard conditions found.

- 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.

**Comment regarding the timing of this item:**

The Commission will note that the underlying Staff investigations in this docket took place between 1996 and 2000. Resolution of this docket, one way or another, should have taken place long before now.

As noted above,, in 2000, PSE made programmatic changes that addressed issues regarding new pipe installations. Frankly, that lowered the priority of this docket in reaching a more prompt resolution. There are other reasons Staff could cite to explain what happened, but none are satisfactory in light of this Commission’s strong pipeline safety enforcement philosophy. Staff is will address dockets of this type in a more timely manner in the future.

**Conclusion**

The Settlement Agreement appropriately addresses Staff’s concerns based on Staff’s prior investigations of PSE’s new construction practices. Staff recommends the Commission accept the settlement agreement between the Commission and Puget Sound Energy and to close Docket No. UG-000576.

Attachment