

July 12, 2005

Jim Hogan
Manager, Standards & Compliance
Puget Sound Energy
PO Box 90868, XRD-LL
Bellevue, WA 98009-0868

Dear Mr. Hogan:

Subject: Receipt of Settlement Documents and Information

Pipeline Safety Staff (Staff) would like to acknowledge the receipt of documents received as part of the requirements in the settlement agreement in dockets PG-030080 and PG-030128. In addition, staff acknowledges information provided by Puget Sound Energy (PSE) on June 30, 2005.

- Pipeline Safety Staff received a letter from PSE dated May 17, 2005, regarding the Bare Steel Replacement Program Initial Risk Assessment. Staff reviewed the letter and enclosures and found the assessment to be adequate. PSE should maintain the course of action explained in the document.
- Staff received a letter from PSE dated June 21, 2005, in regards to the SAP Process Improvements. In addition to the letter, at the June 30, 2005 meeting, Jim Hogan presented information and explained in further detail the enhancements to the SAP program. Staff understood the various modifications within in the SAP program and accepts PSE's intent to continue testing the system and training PSE field staff on the new SAP system. PSE also stated that they plan to be on schedule to complete all software enhancements and testing by the end of 3rd quarter 2005, as stated in the settlement agreement. PSE will send to Staff the final report confirming the completion and implementation of SAP by December 1, 2005.

- PSE presented a status report to Staff at the meeting on June 30, 2005, on the Isolated Facilities Program. Staff reviewed the document provided by PSE and listened to a presentation by Stephanie Kreshel on Isolated Facilities. Staff understands the program being initiated by PSE for Isolated Facilities and recommends that PSE continue with its plans. Staff would appreciate receiving from PSE any updates if the company decides to take a different course of action with the Isolated Facilities Program.

Please contact Scott Rukke at (360) 664-1241 or Lindsay Marquez at (360) 664-1302 if you are not in agreement with any of the items stated above. Staff appreciates PSE's willingness to update staff on the progress of the Bare Steel Replacement, SAP, and Isolated Facilities Programs.

Thank you.

Sincerely,

Alan E. Rathbun
Pipeline Safety Director