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October 5, 2007

Carole J. Washburn, Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Dr. SW  
P. O. Box 47250  
Olympia, Washington 98504-7250

Re: *PSE - 2005 Standard Inspections of Pierce County and King County  
Distribution Systems*  
Docket PG-050331 (Pierce County)  
Docket PG-050516 (King County)

Dear Ms. Washburn:

On September 21, 2007, Commission Staff submitted in this case a Stipulated Agreement to Close Dockets and a proposed Order Accepting Agreement and Closing Dockets. Upon examination, we learned of deficiencies in the proposed Order. Please replace the proposed Order filed previously with the revised original and 10 copies submitted with this letter. I apologize for the inconvenience.

Sincerely,

MICHAEL A. FASSIO  
Assistant Attorney General

MAF:tmw  
Enclosures  
cc: Parties



**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

In re Commission Investigations of the Gas  
Pipeline System of Puget Sound Energy, Inc.

DOCKETS PG-050331 and  
PG-050516

ORDER 01

ORDER ACCEPTING  
AGREEMENT AND CLOSING  
INVESTIGATIONS

- 1 These dockets involve inspections by the Utilities and Transportation Commission (Commission) of the natural gas pipeline systems owned and operated by Puget Sound Energy, Inc. (PSE) in Pierce County and King County. The Commission Staff (Staff) conducted the inspections.
- 2 In Docket PG-050331, Staff conducted an inspection of PSE's Pierce County service area in 2005 and 2006. Staff sent an Inspection Report to PSE on August 16, 2006, alleging several probable violations of Commission statutes and rules, as well as areas of concern. PSE responded to the report with a letter of intent on September 15, 2006. PSE and Staff engaged in discussions, and PSE again responded in writing on January 11, 2007. These documents have been posted to this docket.
- 3 In Docket PG-050516, Staff conducted an inspection of PSE's King County service area in November 2005. Staff sent an Inspection Report to PSE on May 8, 2006, alleging several violations of Commission statutes and rules, as well as areas of concern. PSE responded to the report with a letter of intent on June 5, 2006. Staff and PSE subsequently engaged in further discussions, as well as written correspondence which has been posted to this docket.
- 4 PSE and Staff subsequently reached an agreement to resolve both dockets. The agreement represents an appropriate way to address certain issues in these dockets, including compliance, as well as a means for PSE to agree to take specific steps to improve its system and practices.
- 5 On September 21, 2007, the Commission Staff and PSE filed an Agreement consisting of: a "Stipulated Agreement to Close Dockets;" and Appendices A, B, C, D, and E. The Agreement is attached to this Order as an appendix.

- 6 The Agreement provides that it is not effective until approved by the Commission.
- 7 The Commission has reviewed the Agreement and has determined that it provides an appropriate basis for concluding these dockets, and is consistent with the public interest. Therefore, the Commission approves the Agreement, and closes the investigations.

#### FINDINGS OF FACT

- 8 (1) Puget Sound Energy, Inc. operates a gas pipeline distribution system serving the public in the state of Washington.
- 9 (2) Commission Staff conducted an inspection of PSE's gas distribution system in Pierce County in Docket PG-050331, which is summarized in Appendix A of the Agreement.
- 10 (3) Commission Staff conducted an inspection of PSE's gas distribution system in King County, Docket PG-050516, which is summarized in Appendix B of the Agreement.
- 11 (4) Commission Staff and PSE have entered into the Agreement as an appropriate resolution of the issues raised by the inspections in Dockets PG-050331 and PG-050516.
- 12 (5) The Commission has reviewed the Agreement. The Agreement is an appropriate resolution of the issues raised by the inspections in Dockets PG-050331 and PG-050516.

#### CONCLUSIONS OF LAW

- 13 (1) The Commission has jurisdiction under RCW 80.28 to regulate the safety of the gas plant owned and operated by Puget Sound Energy, Inc.
- 14 (2) The Agreement entered into between PSE and the Commission Staff represents an appropriate resolution of the issues raised by the inspections in these dockets. The Agreement is in the public interest. The Agreement should be approved, and these dockets should be closed.
- 15 (3) The effective date of the Agreement is the date of this Order.

**ORDER**

15 THE COMMISSION ORDERS:

- (1) The Agreement filed between Puget Sound Energy, Inc. and Commission Staff on September 21, 2007, is approved, and the investigations in these dockets are closed.
- (2) The Commission retains jurisdiction to effectuate the terms of this Order, including enforcement of the Agreement, if necessary.

DATED at Olympia, Washington, and effective October \_\_\_\_, 2007.

WASHINGTON STATE UTILITIES AND  
TRANSPORTATION COMMISSION

MARK H. SIDRAN, Chairman

PHILIP B. JONES, Commissioner

PATRICK OSHIE, Commissioner