



PUGET SOUND ENERGY

Puget Sound Energy, Inc.
P.O. Box 90868
Bellevue, WA 98009-0868

September 15, 2005

Ms. Carole J. Washburn, Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Attn: Alan Rathbun, Pipeline Safety Director

RE: Critical Bond Status Update (Docket numbers UG-941394, PG-030080 and PG-030128)

Dear Mr. Rathbun:

This letter provides an update on the Critical Bond Program that was originally agreed to in response to the WUTC Audit of Puget Sound Energy (PSE) Company's Central Division (UG-941394) and reaffirmed in the Settlement Agreement subsequent to the Pierce and King County Audits (PG-030080 and PG-030128.)

In Appendix B of the Settlement Agreement, PSE outlined key components of the Critical Bond Program. These components included a target schedule for the number of cathodic protection systems that would be remediated annually and a commitment to report annually on the progress of the program.

This is an interim status report and is in addition to the annual reports that will continue to be provided. PSE has continued to work aggressively on the Critical Bond Program and has begun inspecting and remediating some of the more complex and large impressed current systems. Due to their size and complexity, these systems take longer to fully complete, and as a result, we anticipate that we will not meet the annual target of remediating 273 systems in 2005. While PSE will not meet the target this year, we are committed to completing the Critical Bond Program by December 31, 2007 as agreed to in the Settlement Agreement.

PSE's adjusted target for 2005 is approximately 100 systems, with full completion of the program in 2007 per the terms of the King/Pierce Settlement Agreement. In order to augment our existing personnel and to ensure completion of this program, we are currently in the process of hiring an outside contractor to perform some of the Critical Bond workload, under the supervision of PSE corrosion control personnel.

PSE appreciates the opportunity to continue to work collaboratively with WUTC Pipeline Safety Staff on this program. Please contact me at 425-462-3957 if you have any questions .

Sincerely,

Jim Hogan
Manager, Standards and Compliance

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Rec. ctr
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