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Jeff Killip  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, Washington 98503

**Re: Supplemental Comments of Puget Sound Energy; Docket U-240281**

Dear Director Killip,

On June 28, 2024, the Washington Utilities and Transportation Commission (Commission) held its first rulemaking workshop in this proceeding to implement Engrossed Substitute House Bill (HB) 1589. In initial comments filed before the workshop, Puget Sound Energy (PSE) provided high-level feedback on a number of topics related to development of the first integrated system plan (ISP) by January 1, 2027. As relevant here, PSE also stated that its pipeline replacement program plan required by RCW 80.28.130 – although listed as one of the planning processes that *could be* consolidated into an ISP under the law – for practical reasons *should not be* consolidated for the first ISP. This topic was discussed at the June 28 workshop. Since the workshop, several parties have also filed written comments on this topic.<sup>1</sup>

In these supplemental comments, PSE provides further information regarding the components of its pipeline replacement program plan, including Dupont Aldyl “HD” Plastic Pipe Replacement (DuPont pipe) and the scope of the plan’s other programs and activities. PSE also provides additional context regarding the timelines and processes for developing this plan, which illustrate the practical considerations and timing constraints supporting PSE’s initial assessment that consolidation of this planning process into the first ISP will not be meaningful or feasible. This assessment is consistent with the overarching theme in PSE’s initial comments, in which PSE emphasized the need for flexibility surrounding the development of the first ISP especially.<sup>2</sup>

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<sup>1</sup> See, e.g., Comments of Renewable Northwest and Climate Solutions, Docket U-240281 (July 23, 2024) (stating the ISP should consider all capital and operational investments in the Pipeline Replacement Program Plan and the Multiyear Rate Plan).

<sup>2</sup> See Comments of Puget Sound Energy, Docket U-240281 (June 24, 2024) (stating that a “primary objective of this rulemaking should be to streamline existing planning and reporting requirements governing each of the legacy plans into a consolidated regulatory process that will inform the first ISP, but allow for needed flexibility in light of the aggressive initial timeline.”). See also Comments of the NW Energy Coalition, Docket U-240281 (June 24, 2024) (stating that “[a]s a foundational matter, NWEC urges the Commission to balance the, at times, competing

## **I. Background**

On December 31, 2012, the Commission issued a policy statement in Docket UG-120715 for the accelerated replacement of natural gas pipeline facilities with elevated risk.<sup>3</sup> The policy statement requires each gas company to file with the Commission a pipe replacement program plan containing three elements: (1) a “master” plan for replacement or remediation of pipeline facilities that are demonstrated to have an elevated risk of failure; (2) a two-year plan that specifically identifies the pipeline facility remediation goals for the upcoming two-year period; and (3) a plan for identifying the location of pipe that presents elevated risk of failure.<sup>4</sup> As such, the master plan is the driving planning document that established PSE’s strategy for the pipe replacement program, the two year plans can be seen as more detailed status updates for final execution of projects within each two year timeframe.

In accordance with the Commission’s policy statement, PSE submitted its initial 20-year master plan for replacing pipe with an elevated risk of failure and its initial two-year pipe replacement plan in 2013.<sup>5</sup> Throughout implementation of this master plan, PSE has conducted detailed analysis to identify facilities considered high risk through PSE’s federally-required Distribution Integrity Management Program (DIMP) and Transmission Integrity Program (TIMP), and PSE has mitigated the identified issues through a combination of capital replacement/retirement and operational and maintenance (O&M) work orders, executed through the two-year pipeline replacement plans approved by the Commission.

In the master plan, PSE identified, among other things, DuPont pipe as presenting an elevated risk of failure because it is prone to premature “brittle-like cracking” at locations where there is a stress concentration on the external pipe wall, such as caused by rock impingement. When DuPont pipe fails, it creates a hazardous leak. PSE therefore has planned to replace approximately 435 miles of larger diameter (1-1/4” and larger) DuPont plastic pipe within the 20-year period governed by the master plan, which began in 2013.

Since 2013, PSE has continuously monitored achievement and performance of the safety-related objectives of the master plan. As of June 2024, PSE has replaced 239 miles of DuPont pipe under the program, with an additional 190 miles of DuPont pipe remaining to be remediated by 2032 to fulfill PSE’s commitment of addressing pipe with an elevated risk of failure. Per PSE’s two-year Pipeline Replacement Program Plan filed in June 2023 and approved in August 2023, 38 miles of DuPont pipe replacement are planned for completion in 2024 and 2025, and these projects have been in development for multiple years.

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goals of achieving regulatory efficiency and flexibility with providing sufficient direction necessary to ensure large combination utilities meet the state’s clean energy mandates.”).

<sup>3</sup> See *Commission Policy on Accelerated Replacement of Pipeline Facilities with Elevated Risk*, Docket UG-120715 (Dec. 31, 2012).

<sup>4</sup> This identification plan was submitted as part of Puget Sound Energy’s Pipeline Replacement Program Plan, May 2013, Docket UG-120715

<sup>5</sup> See Puget Sound Energy’s Pipeline Replacement Program Plan, May 2013, Docket UG-120715.

## **II. Comments**

As noted above, PSE has identified 38 miles of pipe replacement projects in its most recently approved two-year Pipeline Replacement Program Plan, which was filed in 2023 for work to be completed in 2024-2025 and approved by the Commission. Planning of these projects, however, began well in advance of filing the 2023 plan to provide an adequate timeline for development, design, permitting, and scheduling of construction resources to enable completion within the desired plan period. Additionally, an excess quantity of projects exceeding planned mileage of replacement in a given program year must be developed as a “buffer” to overcome external permitting and scheduling delays and ensure the Pipeline Replacement Program meets performance targets.

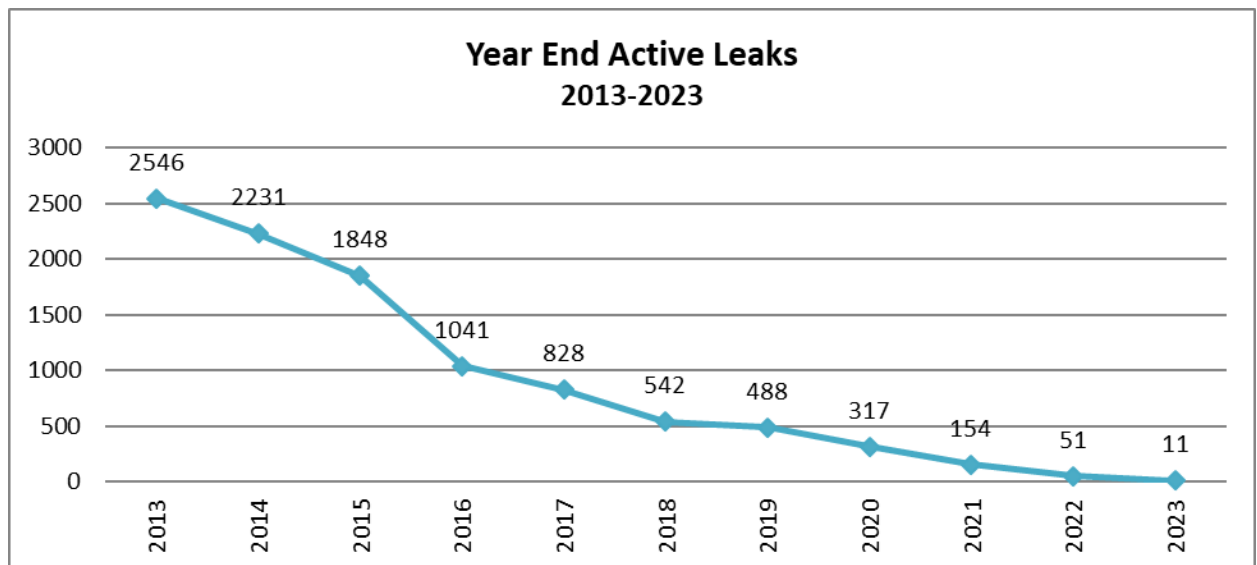
The planning horizon required to successfully deliver Pipeline Replacement Program projects within a given plan year is lengthy, complex, and subject to external factors beyond PSE’s control. This planning timeline, coupled with the short turnaround for the first ISP – due by January 1, 2027 – effectively precludes consolidation of the plan in its entirety into the first ISP, at least as it relates to the assessment of alternatives to scheduled DuPont pipe replacement activities before 2030, consistent with the master plan.

Currently, PSE is in the development phase for projects that will be executed in the 2026-2027 pipeline replacement program plan, and will already be well into development of projects for 2028-2029 construction before the filing of the first ISP in January 2027. Effectively, PSE cannot wait until completion of the first ISP – which may be subject to the Commission’s evaluation for up to 12 months after filing – and remain on schedule for retiring failure-prone DuPont pipe within its 20-year commitment of the master plan. Instead, PSE reasonably believes that approximately 20-30 miles of DuPont pipe currently slated for development and design of replacement options to be constructed between 2030 and 2032 can be included in the ISP analysis. The inclusion of this aspect of the pipeline replacement program should not be effectuated by a consolidation of plans, but rather through the underlying information and datasets being included in the ISP analysis.

Additionally, in light of other comments filed in this docket regarding this plan, PSE notes that the pipeline replacement program plan also includes programs for activities other than DuPont pipe replacement. These activities included in the plan are primarily to address risks present in individual customer service piping that require a combination of O&M and capital work order completions. These programs and assets include buried meters, sewer cross bores, and no record facilities. However, the nature of these projects is that they are identified through inspection programs associated with the plan, and mitigation measures must be implemented in a timely manner soon after discovery of a risk or safety issues. These projects predominately tend to be high-volume, short-timeline, lower-cost safety projects that do not have extensive planning and design phases. Accordingly, PSE believes they are less likely candidates for cost effective non-pipeline alternatives and unsuitable for inclusion in the ISP.

Finally, in written comments filed by parties, PSE’s Active Leak Reduction program has been identified as a possible area for which alternatives to pipeline replacement could be evaluated for Grade 2 and 3 nonhazardous leaks (PSE refers to them as Grade B and C), given that these leaks are nonhazardous.<sup>6</sup> In 2023, this program was removed from the pipeline replacement program plan and addressed in the multi-year rate plan.<sup>7</sup> As part of PSE’s commitment to reducing methane emissions, identified below-ground leaks are repaired when detected, whether they be classified as hazardous or not. As illustrated in Figure 1 below, PSE had achieved a state of “find and fix” leak repair in 2023 and believes timely repair of leaks should be continued without risk of delay from an alternatives analysis included in the ISP process. Furthermore, the Pipeline & Hazardous Materials Safety Administration’s (PHMSA) rulemaking, Pipeline Safety: Gas Pipeline Leak Detection and Repair Rule (LDAR rule),<sup>8</sup> which seeks to enhance public safety and lower methane emissions and other air pollution by significantly improving requirements for the detection and repair of leaks, is expected to bolster requirements for timely repair of leaks currently categorized as nonhazardous.

**Figure 1 – Active Leaks on PSE’s Gas System Have Been Reduced by a “Find and Fix” Repair Strategy**



PSE is committed to considering all feasible alternatives in planning processes, and the ISP is the appropriate forum for evaluating these alternatives in the context of overall system planning. New programs to address emerging pipeline risks will be integrated into the ISP

<sup>6</sup> See Comments of Renewable Northwest and Climate Solutions, Docket U-240281 at p. 5 (July 23, 2024). Please note that PSE’s Active Leak Reduction program was removed from the 2023 Pipeline Replacement Program Plan and will continue to be implemented through the multiyear rate plan.

<sup>7</sup> See Puget Sound Energy’s Pipeline Replacement Program Plan, June 2023, Docket UG-120715 at p. 15.

<sup>8</sup> See Pipeline Safety: Gas Pipeline Leak Detection and Repair, A Proposed Rule by the Pipeline and Hazardous Materials Safety Administration on 05/18/2023, available at: <https://www.federalregister.gov/documents/2023/05/18/2023-09918/pipeline-safety-gas-pipeline-leak-detection-and-repair>.

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process for consideration of longer term investments. However, including pre-2030 programs and planned activities from the pipeline replacement program plan into the first ISP will be impractical and may result in unnecessary complexity or delay for needed safety investments in the near term.

Thank you for the opportunity to submit these comments. If you have any questions about this filing, please contact me.

Sincerely,

*/s/ Wendy Gerlitz*

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