

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, Complainant, v. PUGET SOUND ENERGY, INC. Respondent.	DOCKET NO. PG-041624 COMPLAINT
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1 The Washington Utilities and Transportation Commission (Commission) alleges as follows:

I. PARTIES

2 The Commission is an agency of the state of Washington, authorized by Title 80 RCW to regulate in the public interest the rates, services, facilities, and practices of all persons engaging within this state in the business of supplying any utility service or commodity to the public for compensation, and related activities, including gas companies.

3 Respondent Puget Sound Energy, Inc. (“PSE,” “Company” or “Respondent”) is an electrical and gas company subject to regulation by the Commission pursuant to RCW 80.01.040(3), *et al.* Some of the allegations in this Complaint refer to conduct of PSE’s predecessor in interest, Washington Natural Gas Company (“WNG”). For purposes of this Complaint, this conduct is attributable to PSE and therefore no distinction is made between PSE and WNG for purposes of this Complaint.

II. JURISDICTION

- 4 The Commission has jurisdiction over PSE because PSE is a gas company subject to regulation by the Commission. The Commission has jurisdiction over the subject matter of this Complaint pursuant to the provisions of RCW 80.01, RCW 80.04, RCW 80.28, and chapter 480-93 WAC. Specific provisions include but are not limited to: RCW 80.01.040, RCW 80.04.070, RCW 80.04.110, RCW 80.04.380, RCW 80.04.385, RCW 80.04.405, RCW 80.04.410, RCW 80.28.010, RCW 80.28.040, 80.28.130, RCW 80.28.207, RCW 80.28.210, RCW 80.28.212, and WAC 480-93-010, WAC 480-93-015, -080, -110, -183, -186, 187, -188. Also applicable are RCW 34.05.479 and WAC 480-07-620, emergency adjudicative proceedings.
- 5 In WAC 480-93-010, the Commission has adopted by reference, *inter alia*, Part 192 of the Code of Federal Regulations (“CFR”). Accordingly, when this Complaint alleges any violation of CFR Part 192 that is a violation of WAC 480-93-010.

III. FACTUAL ALLEGATIONS

- 6 Natural gas is a combustible gas. If it is present inside a house or other structure (other than properly contained inside the gas piping or properly contained in a functioning natural gas furnace or appliance), it can explode and cause significant damage to persons and property.
- 7 On September 2, 2004, an explosion (hereafter “the explosion”) occurred at the house located at 16645 SE 26th Place, Bellevue, Washington (hereafter “the house”). The explosion was caused when natural gas inside the house ignited. The explosion destroyed the house and critically injured its resident, Ms. Frances F. Schmitz. Ms. Schmitz was in the house at the time of the explosion.
- 8 Ms. Schmitz is a residential customer of PSE. PSE provides natural gas to Ms. Schmitz at the house pursuant to residential gas service tariffs PSE has on file with the Commission.
- 9 On September 2, 2004, PSE provided gas to the house by means of a service line extending to the house from a PSE gas main located in front of the house. The main and service line are owned, operated and maintained by PSE. After the explosion, PSE removed all, or substantially all, of the service line.
- 10 At the time of the explosion, there existed a hole in the service line near a wall of the house. The hole permitted natural gas to leak out of the service line. The gas

that leaked out of the service line entered the house through a hole or other sort of gap in the foundation of the house.

- 11 The service line to the house was composed of steel pipe, with a layer of coal tar wrap.
- 12 The service line to the house was designed to be protected by a cathodic protection system. PSE uses cathodic protection systems to prevent or reduce corrosion of metallic pipe and other metallic facilities. Cathodic protection is a method by which an underground metallic pipe is protected against corrosion. Corrosion will be reduced where sufficient electric current flows onto the pipe. A rectifier is an electrical device that changes alternating current to direct current, which is impressed onto the underground pipe to protect it against corrosion.
- 13 The house was served by a cathodic protection system owned, operated and maintained by PSE. An element of this cathodic protection system was a piece of equipment called a VASA Park Rectifier, located at the intersection of 163rd Avenue SE and 164th Place SE in Bellevue, Washington (hereafter “the rectifier”).
- 14 Based on the information available at this time, the Commission alleges the leak in the service pipe was caused by corrosion.
- 15 At the time of the explosion, the rectifier was incorrectly configured. In particular, the lead that should have been connected to the positive terminal was in fact connected to the negative terminal, and the lead that should have been connected to the negative terminal was in fact connected to the positive terminal. This wiring of the rectifier resulted in the cathodic protection system not working as it was intended to work. The effect of such wiring can promote, not reduce corrosion of the steel service lines and other steel pipeline facilities to which the rectifier is connected.
- 16 After the explosion, and upon discovering the incorrect configuration of the rectifier, PSE correctly configured the rectifier.
- 17 The rectifier was designed to provide cathodic protection to an area containing approximately 2,400 homes served with natural gas by PSE. Some are served with service lines consisting of plastic pipe. Cathodic protection systems do not

affect, and are not intended to affect, plastic pipe.

IV. ALLEGED RULE VIOLATIONS

- 18 The Commission realleges paragraphs 1-17.
- 19 WAC 480-93-010 requires gas companies' gathering, storage, distribution, and transmission facilities be designed, constructed, maintained, and operated in compliance with the provisions of Title 49 CFR, Parts 191, 192, 193, and 199. WAC 480-93-010 adopts the cited provisions of the CFR by reference.
- 20 49 CFR 192.463(a) requires that each cathodic protection system "must provide a level of cathodic protection that complies with one or more of the criteria contained in Appendix D of [Part 192]." Appendix D to Part 192 of 49 CFR sets forth specific voltage criteria for cathodic protection.
- 21 PSE violated 49 CFR 192.463(a) because the cathodic protection system did not meet any of the voltage criteria in Appendix D of Part 192. As a result, PSE did not provide the cathodic protection required by the rules.
- 22 The Commission does not have sufficient information at this time to know the date upon which the cathodic protection system first violated 49 CFR 192.463(a), and the length of time during which the rectifier violated that rule.

V. AN EMERGENCY ADJUDICATIVE PROCEEDING SHOULD BE CONVENED

- 23 Under RCW 34.05.485 and WAC 480-07-620, the Commission may conduct an emergency adjudicative proceeding "to require that a dangerous condition be terminated or corrected, or to require immediate action in any situation involving an immediate danger to the public health, safety or welfare requiring immediate action by the Commission." WAC 480-07-620(1).
- 24 The rectifier's configuration may have caused a dangerous condition and its effect may have caused an immediate danger to the public health, safety or welfare requiring immediate action by the Commission.

- 25 The reason an immediate danger is believed to be present is because depending on how long the rectifier was not providing the cathodic protection required by Commission rules, the steel pipe facilities in the area may have been subject to unanticipated corrosion, which may cause further future leaks.
- 26 The Commission alleges that the uncertainty surrounding the precise effects of the rectifier's failure to provide adequate cathodic protection has created an emergency requiring prompt action.
- 27 The Commission is also concerned that the exact causes of the explosion be reliably determined.
- 28 Accordingly, the Commission directs that an emergency adjudicative proceeding be convened to determine whether an immediate danger exists, and if so, whether the Commission should take any or all of the specific actions set forth below in Section VI.A, Relief Sought, Emergency Relief.

VI. RELIEF SOUGHT

A. Emergency Relief.

- 29 Should the Commission determine that an emergency exists for purposes of RCW 34.05.479 and WAC 480-07-620, the Commission will consider ordering any or all of the following actions by PSE as necessary to prevent or avoid the danger to the public health, safety or welfare. In addition, the Commission will consider such other or additional actions that may be determined to be appropriate as a result of the emergency adjudicative proceeding:
1. Within ten days, prepare and implement a communications plan to educate all customers in the area served by the rectifier (whether the facilities are steel or plastic). The plan will address the following elements: alert affected customers that there may be a problem that is broader than a single house, the actions customers should take if they detect the odor of natural gas in and around their premises, receive periodic updates on the status of remedial actions taken, and the results of the company's investigation when known. PSE should work with the Commission Staff and the City of Bellevue in implementing this plan.

- The plan shall be made available to the Commission upon request.
2. Repair all leaks detected in any of the facilities served by the rectifier, within 10 days of discovery of the leak. PSE is not permitted to re-grade any leak for later inspection. Repair records shall be made available to the Commission upon request.
 3. Preserve the service line that served the house, and make it available for inspection by the Commission upon request and any consultant retained by the Commission.
 4. Conduct a metallurgical analysis of the service line that served the house to determine what caused it to leak, and provide the results to the Commission upon request.
 5. Preserve and make available to the Commission upon request all records relating to the installation and maintenance of the rectifier, including any record containing information on the period when the rectifier failed to provide the level of cathodic protection required by Commission rules.
 6. Preserve and make available to the Commission upon request any and all records of any investigations of the explosion and its causes.
 7. Preserve and make available to the Commission upon request any and all documents surrounding any investigation of the explosion, and/or the rectifier, and/or any of the other facilities involved. This includes any leak surveys that are conducted.
 8. Conduct leak surveys of all mains and service lines served by the rectifier, within 30 days of the Commission's order in the emergency adjudicative proceeding, and provide the results to the Commission upon request.
 9. Conduct a test(s) that will determine the condition of the coating of the coated steel service lines and mains in the area covered by the rectifier (including an assessment of the state of corrosion of such service lines and mains), and provide the results to the Commission upon request. PSE will work with Commission Staff to determine the parameters of this survey and follow-up activities.

A request under signature of the Commission's Secretary, or her designee, shall constitute request of the Commission for purposes of Items 1-9 above.

B. Permanent Relief.

- 30 WAC 480-93-010 requires gas companies' gathering, storage, distribution, and transmission facilities be designed, constructed, maintained, and operated in compliance with the provisions of Title 49 CFR, Parts 191, 192, 193, and 199. WAC 480-93-010 adopts the cited provisions of the CFR by reference.
- 31 RCW 80.28.212 states (in pertinent part) that any gas company that violates any provision of RCW 80.28.210 or any regulation issued under authority of RCW 80.28.210 shall be subject to a civil penalty to be directly assessed by the Commission. The allegations in this complaint constitute violations of RCW 80.28.210 in that PSE did not construct and maintain facilities in such a manner as will be safe and efficient. Moreover, PSE violated provisions of WAC 480-93-010 and WAC 480-93-080. The number of violations is unknown at this time, but should be determined at hearing. The Commission may impose penalties up to the maximum amount permitted by law. The Commission may also order PSE to make repairs, improvements or other changes as may be deemed appropriate. RCW 80.28.130.
- 32 According to WAC 480-93-223, the maximum civil penalty for violating RCW 80.28.210 or any regulation adopted thereunder is twenty-five thousand dollars for each violation for each day that the violation persists, and the maximum civil penalty for a related series of violations is five hundred thousand dollars.
- 33 The Commission may compromise any civil penalty issued pursuant to RCW 80.28.212.
- 34 In addition to the penalties prescribed in RCW 80.28.212, PSE is subject to penalties for violation of Commission rules under RCW 80.04.380. Each violation is \$1,000 and every day of a continuing violation is a separate offense. This section will be used to assess penalties in this case only to the extent the penalty in RCW 80.28.212 is deemed to be ineffective or otherwise inappropriate.

V. COMPLAINT

- 35 The Commission directs that an emergency adjudication be commenced, and that PSE be given such notice of such emergency adjudication as is practicable.

36 As required by RCW 34.05.479(5), the Commission directs that entering an order in the emergency adjudicative proceeding, a prehearing conference be scheduled to complete these proceedings.

37 The Commission finds that probable cause exists to issue this complaint against the Respondent as follows:

- (1) Respondent has failed to comply with the statutes and rules of the Commission as set forth in the allegations above.
- (2) The Commission should assess monetary penalties and/or other sanctions against the Respondent if the alleged violations of state law or Commission rules are proven.
- (3) The Commission should order Respondent to propose specific measures to assure that its gas plant is in a safe condition and in compliance with Commission laws and rules. In addition to other measures, the Commission may order the measures imposed in any emergency order to continue in effect for a stated time period, or permanently.
- (4) The Commission should order such other and/or further relief as is appropriate under the circumstances.

DATED at Olympia, Washington, and effective this ___ day of September 2004.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

CAROLE J. WASHBURN
Executive Secretary