



STATE OF WASHINGTON
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
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CERTIFIED MAIL

July 11, 2012

Sue McLain
Senior VP Operations
Puget Sound Energy
PO Box 90868 M/S PSE-12N
Bellevue, WA 98009-0868

Dear Ms. McLain:

RE: 2012 Natural Gas Standard Inspection PSE – LP Gas Distribution

Staff from the Washington Utilities and Transportation Commission (staff) conducted a Standard Inspection from June 12-14, and June 18, 2012 of Puget Sound Energy (PSE) LP Gas Distribution located in Sumner WA. The inspection included a records review and inspection of the pipeline facilities.

Our inspection indicates one probable violation as noted in the enclosed report. We also noted one area of concern, which unless corrected, could potentially lead to future violation of state and/or federal pipeline safety rules.

Your response needed

Please review the attached report and respond in writing by August 14, 2012. The response should include how and when you plan to bring the probable violation into full compliance.

What happens after you respond to this letter?

The attached report presents staff's decision on probable violations and does not constitute a finding of violation by the commission at this time.

After you respond in writing to this letter, there are several possible actions the commission, in its discretion, may take with respect to this matter. For example, the commission may:

- Issue an administrative penalty under RCW 81.88.040, or

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- Institute a complaint, seeking monetary penalties, changes in the company's practices, or other relief authorized by law, and justified by the circumstances, or
- Consider the matter resolved without further commission action.

We have not yet decided whether to pursue a complaint or penalty in this matter. Should an administrative law judge decide to pursue a complaint or penalty, your company will have an opportunity to present its position directly to the commissioners.

If you have any questions, or if we may be of any assistance, please contact Lex Vinsel at **(360) 664-1319**. Please refer to the subject matter described above in any future correspondence pertaining to this inspection.

Sincerely,



David D. Lykken
Pipeline Safety Director

Enclosure

cc: Carol Wallace, Director, Gas Operations, PSE
Cathy Koch, Director, Compliance, PSE
Duane A. Henderson, Manager, Gas System Integrity, PSE
Cheryl McGrath, Manager Gas Compliance and Regulatory Audits, PSE

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION
2012 Natural Gas Standard Inspection PSE – LP Gas Distribution

The following probable violation of 49 CFR 192.723 (2) was noted as a result of the 2012 inspection of the PSE – LP Gas Distribution system. The inspection included a random selection of records, operation and maintenance, emergency response, inventory and field inspection of the pipeline facilities.

PROBABLE VIOLATION

1. 49 CFR 192.723 Distribution systems: Leakage surveys.

- (a) Each operator of a distribution system shall conduct periodic leakage surveys in accordance with this section.*
 - (b) The type and scope of the leakage control program must be determined by the nature of the operations and the local conditions, but it must meet the following minimum requirements:*
- (2) A leakage survey with leak detector equipment must be conducted outside business districts as frequently as necessary, but at least once every 5 calendar years at intervals not exceeding 63 months.*

Finding:

PSE failed to prove that on May 28, 2009 PSE contractor (Heath) performed a leak survey using a Combustible Gas Indicator (CGI) calibrated for Propane per 2675.1200 Section 5.1 Subsurface Gas Detection Survey Method (Bar Hole Survey). Flame Ionization (FI) was listed as the Survey Type on the Leak Survey Documentation for 5/28/09, PSE Form 1158 (rev) 03/08. Combustible Gas Indicator (CGI) was not listed as the Survey Type on the Leakage Survey Documentation.

AREA OF CONCERN

1. WAC 480-93-188 Gas leak surveys

- (5) Each gas pipeline company must keep leak survey records for a minimum of five years. At a minimum, survey records must contain the following information:*
 - (a) Description of the system and area surveyed (including maps and leak survey logs);*
 - (b) Survey results;*
 - (c) Survey method;*
 - (d) Name of the person who performed the survey;*
 - (e) Survey dates; and*
 - (f) Instrument tracking or identification number.*

Concern: Instrument tracking and identification numbers do not appear on Leakage Survey Documentation, PSE Form 1158 (rev) 03/08