



STATE OF WASHINGTON

## UTILITIES AND TRANSPORTATION COMMISSION

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### CERTIFIED MAIL

June 22, 2017

Booga K. Gilbertson  
Sr. VP Operations  
Puget Sound Energy  
PO Box 97034 M/S: PSE-12N  
Bellevue, WA 98009-9734

Dear Ms. Gilbertson:

**RE: 2017 Natural Gas Standard Inspection - Puget Sound Energy - Thurston/Lewis County (Insp. No. 7228)**

Staff from the Washington Utilities and Transportation Commission (staff) conducted a standard inspection from April 3-6, May 8-10, May 16-17, and June 5, of Puget Sound Energy (PSE), Thurston/Lewis County. The inspection included a records review and inspection of the pipeline facilities.

Our inspection indicates two probable violations as noted in the enclosed report, 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 July 24. The response should include how and when you plan to bring the probable violations 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 81.04.405; or

- Issue a complaint under RCW 81.88.040, seeking monetary penalties, changes in the company's practices, or other relief authorized by law, and justified by the circumstances. Any pipeline company that violates any pipeline safety provision of any commission order, or any rule in this chapter including those rules adopted by reference, or chapter 81.88 RCW is subject to a civil penalty not to exceed two hundred thousand dollars for each violation for each day that the violation persists. The maximum civil penalty for a related series of violations is two million dollars; or
- Consider the matter resolved without further commission action.

We have not yet decided whether to pursue a penalty or complaint in this matter. Should the commission decide to assess a penalty or initiate a complaint, your company will have an opportunity to respond and formally present its position.

If you have any questions, or if we may be of any assistance, please contact Dave Cullom at (360) 664-1141.

Sincerely,



Sean C. Mayo  
Pipeline Safety Director

cc: Cara Peterman, Director, Enterprise Risk Management & Compliance, PSE  
Harry Shapiro, Director, Gas Operations, PSE  
Cheryl McGrath, Manager, Compliance Programs, PSE

**UTILITIES AND TRANSPORTATION COMMISSION**  
**2017 Natural Gas Pipeline Safety Inspection**  
**Puget Sound Energy – Thurston/Lewis County**

The following probable violations of Title 49 CFR Part 192 and WAC 480-93 were noted as a result of the 2017 inspection of the Puget Sound Energy – Thurston/Lewis County service area. The inspection included a random selection of records, operation and maintenance (O&M), emergency response, inventory, and field inspection of the pipeline facilities.

**PROBABLE VIOLATIONS**

1. **49 CFR §192.481 Atmospheric corrosion control: Monitoring**

(c) *If atmospheric corrosion is found during an inspection, the operator must provide protection against the corrosion as required by §192.479.*

**Finding(s):**

Records indicate there was a service at 3716 Oxford Loop in Lacey that was rated a 4 by PSE's service provider, Surveys and Analysis (S & A), in September of 2015 during an atmospheric corrosion survey. This generated a work order, and PSE followed up and visited the site to perform the remediation in December 2015.

The remediation work was postponed due to inclement weather. An error was made in closing out the work order and it was closed out completely as opposed to a secondary work order being created. The corroded riser subsequently leaked in April 2016. The leak number is N0118704.

The service at 3716 Oxford did not have adequate protection or remediation and resulted in an above ground leak.

Staff reviewed three other above ground leaks (N0117647, N0117676, and N0115744) that were found during this inspection. Discussion with PSE staff indicate that the grading of these services did not prevent atmospheric corrosion leaks. However, these leaks have been previously resolved by PSE's atmospheric corrosion grading retraining efforts in 2015.

These examples may indicate of lack of proper oversight of PSE contractor activities. Please respond with a description of your plan to resolve this issue.

2. **WAC 480-93-180 Plans and procedures**

(1) *Each gas pipeline company must have and follow a gas pipeline plan and procedure manual (manual) for operation, maintenance, inspection, and emergency response activities that is specific to the gas pipeline company's system. The manual must include plans and procedures for meeting all applicable requirements of 49 C.F.R. §§ 191, 192 and chapter 480-93 WAC, and any plans or procedures used by a gas pipeline company's associated contractors.*

**Finding(s):**

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PSE's Gas Operating Standard (GOS) "Remedial Measures for Corrosion Control" 2600.1900 Section 7.1 states:

"Atmospheric corrosion having a rating of "4" and "4 SAI" as determined in accordance with Field Procedure 4515.1220 should be remediated within 90 days. Except as provided in Section 7.1.1, the remediation time frame shall not exceed 180 days."

This instance exceeded the 90 day time frame for remediation.

Please update your procedure to address the work order management gap found during our evaluation.