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UTC
Pipeline Safety Program

August 09, 2017

Sean Mayo
Pipeline Safety Director
Washington Utilities and Transportation Commission
Pipeline Safety Section
1300 S. Evergreen Park Drive S.W.
PO Box 47250
Olympia, WA 98504-7250

Dear Mr. Mayo:

**RE: 2017 Natural Gas Standard Inspection- Puget Sound Energy – Thurston/Lewis County
Inspection Number 7228**

PSE has received and reviewed your letter dated June 22 regarding the 2017 Thurston/Lewis County Audit, and pursuant to your request is submitting the following written response to the two probable violations.

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.

PSE Response

In 2015, PSE recognized the need to retrain contractor personnel performing atmospheric corrosion (AC) monitoring. PSE completed a retraining effort in late 2015. Since that time, many additional changes have taken place.

Beginning in January 2016, PSE partnered with a new service provider, Hydromax (HUSA), to perform leak surveying and atmospheric corrosion monitoring. HUSA has a Quality Management System that includes a written Quality Control Plan and written work instructions for the work and quality functions that they perform.

When HUSA was onboarded by PSE, PSE implemented a transition quality oversight plan, which included both training support and multiple audits. These audits included a training effectiveness audit as well as an AC monitoring audit. Areas for improvement were noted and corrective actions were taken as appropriate. PSE's 2017 Quality Assurance (QA) plan also provides for several audits of HUSA including an audit of their field evaluation effectiveness. This audit was concluded with no corrective actions required.

To perform AC monitoring today, HUSA personnel rate the corrosion and take a photo of each meterset. For quality control of this activity, HUSA performs a daily assessment by selecting a random sample of meterset inspection data and assessing the rating that was assigned. HUSA responds as necessary to any findings.

HUSA compiles AC monitoring data and presents this on a monthly basis to PSE during our joint PSE Quality Assurance and HUSA Quality Control Program (QA/QC) meetings. During these meetings, PSE reviews HUSA's data, metrics, and progress on both PSE and HUSA assigned corrective action reports (CARs). To date, all data indicates that HUSA is performing AC monitoring functions very well and PSE is satisfied with their performance.

PSE will continue to provide quality oversight of HUSA through engagement in monthly QA/QC meetings and by performing audits as established in our annual QA plan.

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):

Records indicate there was a service at 3716 Oxford Loop in Lacey that was rated a 4 by PSE's service provider, 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 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.

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.

PSE Response

On September 10, 2015, PSE's Service Provider Surveys and Analysis visited 3716 Oxford Loop in Lacey and performed atmospheric corrosion monitoring. This address was rated "Level 4", and a work order was generated for PSE to follow up and perform remedial action.

PSE visited the site on December 1, 2015 and observed the riser. The PSE technician postponed the remedial work due to inclement weather, intending to create a follow up work order. A follow up work order was inadvertently not placed. The remediation time frame exceeded 180 days; the riser subsequently leaked in April 2016. The riser was replaced on April 13, 2016.

PSE is currently developing a refresher training module that will cover the proper use of 'completion codes' for different work completion statuses. The training will be delivered by September 30, 2017.

PSE is in the early stages of enhancing our SAP work management system. Improvements include the ability for SAP to generate new linked maintenance work orders while keeping the original work request intact. These improvements are in the early design and scoping phase. In the meantime, PSE has designed a Quality Control Audit capable of detecting this type of error. PSE will perform the audit at an increased frequency, at least quarterly, until work management system enhancements are made.

We hope the information provided is responsive to the findings of the UTC inspection. PSE is committed to constructing, operating, and maintaining a safe gas pipeline system.

Sincerely,

A handwritten signature in black ink, appearing to read "Booga K. Gilbertson". The signature is fluid and cursive, with the first name "Booga" being the most prominent.

Booga K. Gilbertson

Sr. Vice President, Operations

Cc: Cara Peterman, Director Compliance
Cheryl McGrath, Manager Compliance Programs
Harry Shapiro, Director Gas Operations
Doug Loreen, Director Safety and Preparedness
Cathy Koch, Director Planning
Wayne Gould, Director Corporate Shared Services