



October 15, 2014

David Lykken
Pipeline Safety Director
Washington Utilities and Transportation Commission
Pipeline Safety Section
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PO Box 47250
Olympia, WA 98504-7250

RECEIVED
OCT 15 2014
State of Washington
UTC
Pipeline Safety Program

Dear Mr. Lykken:

**RE: Natural Gas Standard Inspection- Puget Sound Energy –
Lewis/Thurston Counties Distribution Systems**

In response to the 2014 Lewis-Thurston Audit Probable Violation #1, PSE expressed its intent to complete the following action.

- 1. PSE will review inspection records to determine if any other stations have inoperable equipment that has prevented the completion of inspections. The results of this review will be reported to the Commission by October 15. PSE will also review internal processes related to the documentation of annual inspection results, communication of inspection results to internal stakeholders, and processing of related maintenance activities to determine where improvements are needed. The results of this review and a plan for any necessary process improvements will be communicated to the Commission by October 15.*

Attached please find the a document entitled “*Thurston Lewis Audit Response PVI Follow Up.pdf*”, which summarizes the results of these reviews and the schedule for process improvement activities.

Please let me know if you have any questions,

Sincerely,

Stephanie Silva

Stephanie Silva
Gas Compliance Program Manager

Cc: Cathy Koch, Director Compliance
Cheryl McGrath, Manager Compliance Programs
Jennifer Tada, Director Planning
Duane Henderson, Manager Gas System Integrity

Thurston/Lewis County Audit Response

Probable Violation 1 – 192.739 Pressure Limiting and Regulating Stations: Inspection and Testing

RS-0313 Valve Replacement and Inspection Results

One of the two equipment valves in Stage 2, Run 1 of regulator station RS-0313 Lacey, WA, was inoperable. This prevented the required annual inspection from being completed in 2013. All four of the equipment valves of Stage 2, Runs 1 & 2, were replaced on September 25, 2014. The 2014 annual inspection including lock up test was also completed on September 25, 2014, meeting the 15-month timeframe.

Regulator Stations with Inoperable Equipment Preventing Completion of Inspections

A preliminary review of annual inspection records was conducted for all regulator stations to identify if inoperable equipment was preventing the full completion of inspections. The review was expanded to include all outstanding work requests of reported maintenance issues that could be related to an incomplete inspection. Regulator stations with inoperable equipment including regulators, valves, monitors, overpressure devices, and control/monitor line valves that could prevent the completion of an inspection were identified. The preliminary findings include these five stations:

#	REGULATOR STATION	ADDRESS	CITY
1	RS-0207	N 35 ST & N HUSON AVE	TACOMA
2	RS-1349	24 ST E & EAST-VALLEY HWY	SUMNER
3	RS-2038	200 ST SW & 44 AVE W	LYNNWOOD
4	RS-2244	LOCKWOOD & CARTER	SEATTLE
5	RS-2548	VANTAGE HWY & N FERGUSON RD	KITTITAS

A final review is required to confirm if the stations noted above require any modifications to complete the scheduled inspections. If additional work is required, a specific action plan for remediation will be developed. This review and development of any required remediation plans will be completed by 10/31/14.

Regulator Station Annual Inspection Internal Process Review

The internal processes related to the documentation of annual inspection results, communication of inspection results to internal stakeholders, and processing of related maintenance activities were reviewed. The following areas within the internal processes have been identified for improvement to ensure that annual regulator station inspections are completed consistently, communicated in a timely and consistent manner, and any required follow-up work is completed within the required timeframe.

IMPROVEMENTS

COMPLETE BY

1. **Company policies related to regulator station inspections and maintenance activities –** Standardizing company policies related to when a station requires remediation as a result of an incomplete annual inspection will ensure consistent prioritization and completion of the required maintenance work.
 - a. Confirm and define the following requirements: 10/31/2014
 - all tasks to be performed during an annual regulator station inspection
 - what determines a complete/incomplete inspection
 - criteria for a station to pass/fail inspection
 - b. Determine the appropriate inspection activities for the following regulator run configurations: 10/31/2014
 - Regulator run with control valve
 - Regulator run normally or seasonally off
 - Regulated bypass
 - c. Review and update (as needed) the following: 11/14/2014
 - Current strategy for prioritizing regulator station maintenance requests
 - Criteria for when temporary measures should be implemented when an inspection cannot be completed or fails
 - Established remediation timeframes
 - d. Confirm the complete process flow (including task owners) starting with the annual inspection and ending with completion of any required maintenance work. 12/1/2014
2. **Documentation of inspection results and related work requests -** Consistent documentation is important to ensure the required inspection results are recorded and that follow-up maintenance work is requested through the appropriate process.
 - a. Establish guidelines to ensure G1 notifications, maintenance plans, and measuring documents are structured correctly in SAP to match the regulator station configuration and respective inspection requirements. 12/31/2014
 - b. Establish guidelines to ensure G1 notifications and related work request paperwork is consistently completed to minimize input errors. 12/31/2014
 - c. Communicate new guidelines and provide training to stakeholders. 12/31/2014
3. **Communication of inspection results and related work requests –** Timely communication of inspection results and related work requests ensure that the appropriate stakeholders are aware of any incomplete or failed inspections and can initiate the remediation process.
 - a. Generate an automatic G2 notification in SAP when an inspection cannot be completed or fails. A G2 notification in SAP will increase visibility of an incomplete or failed inspection and will track the specific timeframe required to remediate the compliance issue. 12/31/2014

4. Processing of related maintenance activities – A central single, comprehensive list of maintenance concerns established by Gas System Integrity that is reviewed by key stakeholders on a regular frequency will ensure maintenance work requests are processed in a timely manner based on the appropriate priority level.

a. Enhance tracking of outstanding and pending maintenance requests in one centralized shared document. The shared document will improve visibility of projects and priorities between engineering and operations personnel.

10/31/2014

b. Begin reviewing the list of outstanding maintenance requests, progress of pending maintenance requests, and any new concerns on a bi-monthly basis with key stakeholders including Gas System Engineering, Gas System Integrity, and Pressure Control. The first meeting is scheduled for November.

11/2014