



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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CERTIFIED MAIL

July 25, 2016

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

Dear Ms. Gilbertson:

**RE: Natural Gas Incident Investigation: 2729 Harrison Ave, Everett, Washington –
May 22, 2015 (Notification ID. 2881)**

Staff from the Washington Utilities and Transportation Commission (staff) conducted an investigation into the natural gas incident which occurred at KLB Constructions's East Grand Avenue Project Site in Everett, Snohomish county on May 22, 2015, at the above address. A natural gas pipeline had a release of gas, resulting in no fatalities or injuries. Our investigation concluded that there were no violations of federal or state pipeline safety rules by Puget Sound Energy (PSE) which led to or exacerbated the incident. This incident was the result of an alleged Dig Law Violation. Holocene Drilling Inc. (HDI) failed to call for utility locates before beginning excavation.

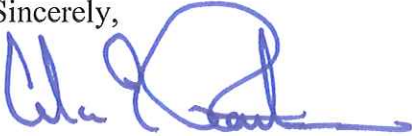
A release of gas was caused by "Third Party Damage," HDI was conducting sewer work with an auger and damaged a 4-inch steel wrapped (STW) gas main. PSE made a temporary repair utilizing leak clamps initially. The temporary repair was re-evaluated as required per gas operating standards. A final repair was made on May 29, 2015. The final repair took several days to fabricate and resulted in repair costs that exceeded PSE's reported estimate, as well as, the \$50,000 threshold requiring PSE to submit as a Federal Reportable Incident.

Please take this letter as a reminder that PSE is required to submit such incidents as Federal Reportable as soon as it is discovered that costs have exceeded \$50,000 in accordance with 49 CFR 191.3(1)(ii). Staff is not recommending a probable violation in this circumstance.

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If you have any questions or if we may be of any assistance, please contact Anthony Dorrough at (360) 664-1318. Please refer to the notification number above in any future correspondence pertaining to this investigation.

Sincerely,



Alan E. Rathbun
Pipeline Safety Director

Enclosure: Form H - UTC Incident Investigation Form

cc: Cara Peterman, Director, Enterprise Risk Management & Compliance, PSE
Harry Shapiro, Director, Gas Operations, PSE
Cheryl McGrath, Manager, Compliance Programs, PSE
Stephanie Silva, Gas Compliance Program Manager, PSE
Monica Ferguson, Regulatory Compliance Analyst, PSE

UTC Incident Investigation Form

Notification ID:	2881	Investigation ID:	
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Inspector Name:	Anthony Dorrough
Date Report Submitted to Chief Engineer:	05/31/2016
Date Report Reviewed & Approved by Chief Engineer:	Joe Subsits 5/31/2016

Operator:	Puget Sound Energy
District/Unit:	Snohomish County
Location:	2729 Harrison Ave, Everett WA
Incident Date:	May 22, 2015
Company Name:	Holocene Drilling Incorporated

Description:
<p>On May 22, 2015, an incident occurred at KLB Construction's East Grand Avenue Project Site in Everett, Snohomish county, at the above address. Puget Sound Energy (PSE) responded to a report of a release of gas. Emergency first responders found a damaged 4-inch steel wrapped (STW) pipeline blowing gas after a third party contractor, Holocene Drilling Incorporated (HDI), augured into it (See images). First responders were able to stop the flow of gas and make a temporary repair by installing leak clamps. The Everett fire department evacuated an unknown amount of people from [5] structures. There were no fatalities or injuries, and no commercial or residential property was damaged. The final repair consisted of replacing 19-ft of 4-inch STW main which took several days to fabricate.</p>
Facts/Chronology of Events:
<p>May 22, 2015, at 8:30 AM--- HDI crews began drilling at 2729 Harrison Ave, Everett WA. KLB Construction (KLB) had pot-holed the utilities and plated the holes. According to HDI, utility markings were partially obscured by steel plating.</p> <p>12:26 PM--- HDI crews augured into gas main.</p> <p>12:30 PM--- PSE notified.</p> <p>12:48 PM--- Emergency first responders arrived and found a damaged 4-inch STW main blowing gas. PSE noted large amounts of dirt on top of utility locates they thought at the time were called in by HDI.</p> <p>3:31 PM--- First responders controlled the incident with leak clamps, a temporary repair. Following gas operating standard 2625.1300, PSE maintained temporary repair until a final repair could be made.</p> <p>May 23, 2015, at 2:44 PM--- Commission notified about incident.</p>

UTC Incident Investigation Form

May 29, 2015--- InfraSource (IFS) crew made final repairs. Replaced 19-ft of 4-inch STW main, which included bottom-outs stoppers and took several days to fabricate. Repair costs exceeded PSE reported estimate and \$50,000 threshold for a federal reportable incident.

Jun 22, 2015--- Commission staff received Incident Report. Staff noted \$57, 332.00 repair cost and requested PSE re-submit the incident as Federal Reportable.

Jun 22 thru Oct 23, 2015--- Staff communicated via email with PSE Compliance over differences interpretation of the code. PSE dis-agreed with the Commissions interpretation in regards to estimating repair costs and the codes \$50,000 threshold.

Feb 2, 2016--- Commission staff set up a conference call with PSE in order to discuss the interpretation of 49 CFR 191.3 (1)(ii). The meeting concluded with the Commission agreeing to table the issue until Staff could discuss it with Pipeline Hazardous Materials Safety Administration (PHMSA) Western Region Representative, Peter Katchmar.

Feb 25, 2016--- PHMSA found that the incident should be considered federally reportable, because the repair costs exceeded the monetary threshold set in the code and PSE agreed to re-submit the incident to the Commission as Federal Reportable.

Apr 30, 2016--- Staff received a narrative via email from HDI, after requesting a summary of the events leading up to the incident. Further research determined that utility locates noted by PSE first responders at the time of the incident were actually called in by another contractor earlier in the month and did not pertain to the immediate work involving HDI. According to the narrative provided by HDI utility locates had been performed by the general contractor and excavator of the trench, who was responsible for delineating all sub-surface utilities.

Causes/Contributing Factors:

This incident was the result of an alleged Dig Law Violation. HDI failed to call for utility locates before beginning excavation.

Regulatory Analysis/ Violations:

RCW 19.122.055(1)(a) states, in part, that any excavator who fails to notify a one-number locator service and causes damage to a hazardous liquid or gas facility is subject to a civil penalty of not more than ten thousand dollars for each violation.

49 CFR 191.3 prescribes requirements for the reporting of incidents, (1) An event that involves a release of gas from a pipeline that results in one or more of the following consequences, (ii) estimated property damage of \$50,000 or more, including loss to the operator and others, or both, but excluding cost of gas lost.

According to PHMSA there was no support for PSE's interpretation of 49 CFR 191.3 (1)(ii), that the dollar amount should be based upon the estimated costs at the time of the incident, and did not include the actual total dollar amount tabulated after the fact.

Follow up/ Recommendations:

Staff recommends that PSE continue to track any costs involved with a particular incident, for as long as needed, and submit as Federal Reportable as soon as they discover that those costs have exceeded \$50,000, in accordance with 49 CFR 191.3 (1)(ii).

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Anthony Dorrough
Utilities & Transportation Commission
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Figure 4. Remote control movement of drill away from damaged gas line and PSE fire watch.



Figure 5. Remote control movement of drill away from damaged gas line and PSE fire watch.



Figure 6. Exposure and assessment of damaged gas line and PSE fire watch.

Image #1