

WARNING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

May 17, 2012

Ms. Sue McLain
Senior Vice President of Delivery Operations
Puget Sound Energy
10885 NE 4th Street
Bellevue, WA 98004

CPF 5-2012-1011W

Dear Ms. McLain:

On March 29-31, 2011, a representative of the Washington Utilities and Transportation Commission (WUTC), on behalf of the Pipeline and Hazardous Materials Safety Administration (PHMSA), pursuant to Chapter 601 of 49 United States Code, inspected Puget Sound Energy's (PSE) Jackson Prairie Storage Facility in Chehalis, Washington.

As a result of the inspection, it appears that you have committed two probable violations of the Pipeline Safety Regulations, Title 49, Code of Federal Regulations (CFR). The items inspected and the probable violations are:

- 1. §192.731(a), Except for rupture discs, each pressure relieving device in a compressor station must be inspected and tested in accordance with §§192.739 and 192.743, and must be operated periodically to determine that it opens at the correct set pressure.**

Puget Sound Energy did not test all of their relief devices in their compressor stations at the required frequency. CFR §192.731(a) requires that relief devices in compressor stations be inspected and tested at the frequency noted in §192.739(a), which is once each calendar year not to exceed 15 months. Records indicate that over pressure protection relief devices for three compressor station dehydration vessels, #76, #44 and #43, were not inspected and tested during calendar year 2009 and exceeded 15 months between inspection and testing.

2. §192.13(c), Each operator shall maintain, modify as appropriate, and follow the plans, procedures, and programs that it is required to establish under this part.

In order to meet the requirements of §192.485 for transmission corrosion issues, PSE procedure 4515.1760 requires engineering notification for pits over a certain depth as outlined in PSE's O&M manual. PSE's engineering department will then determine follow up requirements. At the time of this inspection records indicated that in 2009, several areas of localized pitting were found under the wrap located at the soil-to-air interface of some pipe risers. These pits had a depth greater than that requiring engineering notification. Records were not available indicating that notification was made. This is a probable violation of §192.13(c), failure to follow PSE's procedure 4515.1760.

Under 49 United States Code, § 60122, you are subject to a civil penalty not to exceed \$100,000 for each violation for each day the violation persists up to a maximum of \$1,000,000 for any related series of violations. We have reviewed the circumstances and supporting documents involved in this case, and have decided not to conduct additional enforcement action or penalty assessment proceedings at this time. We advise you to correct the item(s) identified in this letter. Failure to do so will result in Puget Sound Energy being subject to additional enforcement action.

No reply to this letter is required. If you choose to reply, in your correspondence please refer to **CPF 5-2012-1011W**. Be advised that all material you submit in response to this enforcement action is subject to being made publicly available. If you believe that any portion of your responsive material qualifies for confidential treatment under 5 U.S.C. 552(b), along with the complete original document you must provide a second copy of the document with the portions you believe qualify for confidential treatment redacted and an explanation of why you believe the redacted information qualifies for confidential treatment under 5 U.S.C. 552(b).

Sincerely,

Chris Hoidal
Director, Western Region
Pipeline and Hazardous Materials Safety Administration

cc: David Lykken, Washington UTC
PHP-60 Compliance Registry
PHP-500 R. Reineke (#134761)