



Puget Sound Energy
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PSE.com

May 2, 2016

Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
PO Box 47250
Olympia, WA 98504

Dear Mr. King:

Subject: Environmental Report for the quarter ending March 31, 2016

- Docket UG-920781 (WNG)**
- Docket UE-911476 (PSP&L)**
- Docket UE-070724 (PSE)**
- Docket UE-072060 (PSE)**
- Docket UE-081016 (PSE)**

Pursuant to the WUTC Order entered on 10/8/08, PSE now operates both its electric and gas deferred environmental accounting programs with a blanket authorization, provided the requisite criteria is met. This Order was issued under the following Docket Numbers: UE-070724, UE-072060, and UE- 081016.

PSE deferred accounting treatment matches the expenses of the remediation of these sites with the recovery of expenses from third parties. The costs for these sites currently exceed third party recoveries.

The attached spreadsheets represent a list of major sites PSE is currently investigating, monitoring and remediating and reflects actual costs at the end of Q1 2016. All additional information is redacted and considered confidential.

Sincerely,

John Rork
Manager – Environmental Services

cc: Daniel Doyle
Kathie Barnard
Lorna Luebbe
Susan Free

Eric Englert
Jeff Thomas
Jayson Sowers

STATE OF WASHINGTON
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PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
March 31, 2016

September 2000 - forward SAP Order	Liability Acct.	SAP Account	Site Description	SAP Account Balance 12/31/2015	Quarterly Activity	Account Balance 3/31/2016	SAP (c) = (a) + (b)	Actual Costs Through 3/31/2016	Future Cost Estimates	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 3/31/2016
				(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g)	
22840351	18231241		Env Rem - White River/Buckley Phase Heatworks (Future Cost Est.)								
18230010	18231251		Env Rem - White River/Buckley Phase Heatworks (Remediation Cost)								
			Subtotal White River/Buckley Phase Heatworks Site								
22840021	18232221		Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.)								
18230009	18232251		Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Remediation Cost)	2,144,365.86	524.75	2,144,890.61	2,144,890.61				
			Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site								
22840221	18232261		Env Rem - Lower Duwamish Waterway (Future Cost Est.)								
18230021	18232271		Env Rem - Lower Duwamish Waterway (Remediation Cost)	358,008.41	54,419.30	412,427.71	412,427.71				
			Subtotal Lower Duwamish Waterway Site								
			Env Rem - Lower Duwamish Waterway - Insurance Recoveries		(71,171.44)	(71,171.44)					
22840051	18230311		Env Rem - Whidbey Service Center UST (Future Cost Est.)								
22840111	18233061		Env Rem - Poulsbo Service Center UST (Future Cost Est.)								
			Env Rem - Poulsbo Service Center UST (Remediation)								
			Subtotal Poulsbo Service Center UST	20,000.00							
			Project completed - Not included on Qtrly Memo								
22840061	18230321		Env Rem - Tenino Service Center UST (Future Cost Est.)								
18230041	18233091		Env Rem - Tenino Service Center UST (Remediation)	198,092.16		198,092.16	198,092.16				
			Subtotal Tenino Service Center UST	198,092.16		198,092.16	198,092.16				
22840161	18608011		Env Rem - Lower Baker Power Plant (Future Cost Est.)								
18601120	18608001		Env Rem - Lower Baker Power Plant (Remediation Cost)	416,450.38	2,709.00	419,159.38	419,159.38				
			Subtotal Lower Baker Power Plant Site								
22840171	18608031		Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)								
18601121	18608021		Env Rem - Snoqualmie Hydro Generation (Remediation Cost)	2,254,508.17		2,254,508.17	2,254,508.17				
			Subtotal Snoqualmie Hydro Generation Site								
22840181	18608051		Env Rem - Bellingham South State Street MGP (former Blvd Park) (Future Cost Est.)								
18601122	18608041		Env Rem - Bellingham South State Street MGP (Remediation)	2,161,844.21	57,007.74	2,218,851.95	2,218,851.95				
			Subtotal Bellingham South State Street MGP (former Blvd Park) Site								
			Env Rem - Bellingham South State Street MGP - Insurance Rec	(248,004.93)		(248,004.93)					
22840191	18608111		Env Rem - Electron Flume (Future Cost Est.)								
18601125	18608081		Env Rem - Electron Flume (Remediation Cost)	659,654.59		659,654.59	659,654.59				
			Subtotal Electron Flume Site								
22840231	18608151		Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)								
18601128	18608141		Env Rem - Talbot Hill Substation and Switchyard (Remediation Cost)	224,879.76		224,879.76	224,879.76				
			Subtotal Talbot Hill Substation & Switchyard Site								
22840281	18608181		Env Rem - Sammamish Substation (Future Cost Est.)								
18601130	18608191		Env Rem - Sammamish Substation (Remediation Cost)	400,495.47		400,495.47	400,495.47				
			Subtotal Sammamish Substation Site								
22840301	18608221		Env Rem - City of Olympia v PSE Plum Street Station (Future Cost Est.)								
18601161	18608231		Env Rem - City of Olympia v PSE Plum Street Station (Remediation)	289,204.92	21,141.00	310,345.92	310,345.92				
			Subtotal City of Olympia v PSE Plum Street Station								

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PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
March 31, 2016

September 2000 - forward SAP Order Liability Accou	SAP Account	Site Description	SAP Account Balance 12/31/2015 (a)	Quarterly Activity (b)	SAP Account Balance 3/31/2016 (c) = (a) + (b)	Actual Costs Through 3/31/2016 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 3/31/2016 (g)
22840311	18608241	Env Rem - Whitehorn UST Remediation (Future Cost Est.)							
18601171	18608251	Env Rem - Whitehorn UST (Remediation)	695.75	-	695.75	695.75			
		Subtotal Whitehorn UST			695.75	695.75			
Project completed - Not included on Qtrly Memo									
18601129	18608171	Env Rem - Everett Asarco	212,588.68	-	212,588.68	212,588.68			
		Subtotal Everett Asarco Site	212,588.68		212,588.68	212,588.68			
18601151	18608211	Env Rem - Pt. Robinson Cable Station	111,880.23	-	111,880.23	111,880.23			
		Subtotal Pt. Robinson Cable Station	111,880.23		111,880.23	111,880.23			
		Subtotal 186	76,483.98		6,565,054.97	6,813,059.90			
		Total Asset	76,483.98		6,565,054.97	6,813,059.90			
22840081	22840081	Env Rem - Puyallup Garage Site	(550,000.00)	-	(550,000.00)	14,834.14			
		Subtotal Puyallup Garage Site							
22840131	22840131	Env Rem - Crystal Mountain Generator Station Site (Future Cost Est.)							
		Subtotal Crystal Mountain Generator Station Site (Remediation)							
		Subtotal Crystal Mountain Generator Station Site							
22840031	22840031	Env Rem - Olympia Service Center UST	(258,000.00)	-	(258,000.00)	20,528.95			
22841001	22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,610,484.08)	-	(4,610,484.08)				
		Total Liabilities	(5,418,484.08)		(5,418,484.08)	35,363.09			
		Grand Total	(5,342,020.10)		1,146,570.89	6,848,422.99			

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Footnotes:
 (A) The total estimated costs for the Crystal Mountain Site of \$15,083,472.68 include PSE Insurance Recoveries of \$11,938,563. Future Cost Estimate of \$500,000 and Expensed amount of \$2,844,909.68 (Actual Costs less Recoveries) through report date.
 Represents allocated proceeds from the insurance recoveries.

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Gas
March 31, 2016

September 1998 - forward SAP Order Liability	SAP Account Liability	Site Description	SAP Account Balance 12/31/2015 (a)	Quarterly Activity (b)	SAP Account Balance 3/31/2016 (c) = (a) + (b)	Actual Costs Through 3/31/2016 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 3/31/2016 (g)
		FORMER MANUFACTURED GAS SITES:							
		Tacoma Gas Company (Upblast Source Control) (Future Cost Est.)							
		Tacoma Gas Company (Upblast Source Control)	776,531.80	3,776.43	780,308.23	780,308.23			
18606102	22840012	Subtotal Tacoma Gas Company		3,776.43	780,308.23	780,308.23			
		Thea Foss Waterway (Future Cost Est.)	5,358,200.15	(428.43)	5,357,771.72	5,357,771.72			
		Thea Foss Waterway (Remediation Costs)	7,656.25	-	7,656.25	7,656.25			
18607102	18608712	Thea Foss Recovery							
18607103	18608722	Thea Foss Waterway (Legal Costs)							
18607203	18608742	Subtotal Thea Foss Waterway	2,406,857.30	(428.43)	1,876,428.87	5,365,427.97			
		Thea Foss Waterway (WADOT Settlement)	(3,488,999.10) D	-	(3,488,999.10) D	(3,488,999.10)			
18603102	18608772	Subtotal Tacoma Gas Company							
		Everett Washington (Future Cost Est.)	1,468,902.75	(2,384.74)	1,466,508.01	1,466,508.01			
		Everett Washington (Remediation Costs)							
18602102	18609592	Subtotal Everett Washington	(801,550.75) D	-	(801,550.75) D	1,466,508.01			
		Everett Washington (WADOT Settlement)							
		Chehalis Washington (Future Cost Est.)	3,957,998.74	2,606.63	3,960,605.37	3,960,605.37			
		Chehalis Washington (Remediation Costs)							
18603102	18609602	Subtotal Chehalis Washington		2,606.63	3,960,605.37	3,960,605.37			
		Gas Works Park (Future Cost Est.)							
		Post - Nov 2012 Gas Works Park (Remediation Costs)	5,839,272.62	535,677.93	6,374,950.45	6,374,950.45			
18606302	18609422	Pre-Nov 2012 Gas Works Park (Remediation Costs)	2,651,381.74	-	2,651,381.74	2,651,381.74			
18604102	18608412	Pre-Nov 2012 Lake Union Sediments (Remediation Costs)	12,405,154.71	-	12,405,154.71	12,405,154.71			
18614102	18609312	Subtotal Gas Works Park & Lake Union		535,677.93	21,431,486.90	21,431,486.90			
		Quendall Terminal (Future Cost Est.)	37,413.00	6,176.13	43,589.13	43,589.13			
18612102	18609622	Subtotal Quendall Terminal		6,176.13	43,589.13	43,589.13			
		Tacoma Tar Pits (Future Cost Est.)	4,039,298.39	26,005.39	4,065,304.78	4,065,304.78			
18601102	18609642	Post-June 1999 Tacoma Tar Pits (Remediation Costs)	34,881,722.38	-	34,881,722.38	34,881,722.38			
18601102	18608112	Pre-June 1999 Tacoma Tar Pits (Remediation Costs)							
		Subtotal Tacoma Tar Pits	26,005.39	26,005.39	38,947,027.16	38,947,027.16			
		Bay Station (Future Cost Est.)							
18603202	18609652	Subtotal Bay Station	231,369.84	-	231,369.84	231,369.84			
		Olympia Columbia Street MGP (Future Cost Est.)	1,271,214.63	(15,374.44)	1,255,840.19	1,255,840.19			
18614402	18609662	Subtotal Olympia Columbia Street MGP	(160,310.15) D	-	(160,310.15) D	(160,310.15)			
		Verbeek Autowrecking (Future Cost Est.)	2,050,122.87	-	2,050,122.87	2,050,122.87			
18606302	18609672	Subtotal Verbeek Autowrecking	1,136,530.00	-	1,136,530.00	935,590.00			
		Verbeek Autowrecking (Reimbursement of Remed Cost from 3rd Party)	(1,114,592.67)	-	(1,114,592.67)	(1,114,592.67)			
18606304	18608752	Subtotal Verbeek Autowrecking	(1,114,592.67)	-	(1,114,592.67)	(1,114,592.67)			
		Downtowner Property (Future Cost Est.)	505,295.90	11,383.32	516,679.22	516,679.22			
18607104	18608012	Subtotal Downtowner Property	(50,267,724.64)	11,383.32	516,679.22	516,679.22			
		Unallocated Insurance and Third Party Recoveries							

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Gas
March 31, 2016

September 1998 - forward SAP Order Liability	SAP Account	Site Description	SAP Account Balance 12/31/2015	Quarterly Activity	SAP Account Balance 3/31/2016	Actual Costs Through 3/31/2016	Future Cost Estimates	Total Cost Estimates	Recoveries Through 3/31/2016
		GAS UNDERGROUND STORAGE TANKS AND OTHER SITES							
22840122	18609692	SWARR STATION (Future Cost Est.)	279,321.20	-	279,321.20	279,321.20	-	-	-
18230212	18237112	SWARR STATION	-	-	279,321.20	279,321.20	-	-	-
		Subtotal SWARR Station			279,321.20	279,321.20			
22840132	18609692	NORTH OPERATING BASE (Future Cost Est.)	-	-	-	-	-	-	-
18230210	18238912	NORTH OPERATING BASE	-	-	-	-	-	-	-
		Subtotal NORTH Operating Base	100,000.00	-	-	-	-	-	-
	18237122	(A) SOUTH SEATTLE GATE STATION	169,602.13	-	169,602.13	169,602.13	-	-	-
	18237132	(A) NORTH TACOMA GATE STATION	133,750.43	-	133,750.43	133,750.43	-	-	-
	18237142	(A) NORTH SEATTLE GATE STATION	53,995.63	-	53,995.63	53,995.63	-	-	-
	18237152	(A) COVINGTON GATE STATION	67,987.45	-	67,987.45	67,987.45	-	-	-
			\$ 704,656.84	-	\$ 704,656.84	\$ 704,656.84	-	-	-
		Total	\$ (46,725,337.34)	1,535,677.83	\$ 53,762,537.09	\$ 73,972,511.12	-	-	-
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES (182.3 and 186.0)	\$ (46,020,660.50)	1,535,677.83	\$ 54,467,193.93	\$ 74,677,167.96	-	-	-

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Footnotes:

- (A) Represents sites where no additional remedial actions are planned. Currently anticipating entering into insurance recoveries discussion in 2016.
- (B) Order 18607203 was re-opened in the 3rd Qtr of 2010 for posting legal cost related to THEA FOSS WATERWAY.
- (C) (Content not used)-includes the reimbursement from Seattle Public Utilities for site-wide costs that PSE incurred to support the development of the Remedial Investigation and Feasibility Studies (RIFS) for the Gas Works site, for the period of 12/15/2012 - 6/14/13 (\$185,450.59).
- (D) Represents the legal dispute settlement between WADOT, Pacific and PSE on 10/22/2013.

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated March 2016)

PSE Facility/Location	Description of Contamination	Proposed Remedial Action	Estimated Cost of Proposed Remedial Action (\$)
Whidbey Service Center Oak Harbor, WA	USTs and majority of contaminated soil removed in 1999. Small volume of contaminated soil remains beneath building	VCP Program and GW Monitoring (New Wells) Soil excavation when building(s) is removed	30,000.00
Tenino Service Center Tenino, WA	USTs and majority of contaminated soil removed in 1991. Remaining small volume of contaminated soil removed Q4 2009.	Groundwater monitoring completed in 2012. Well abandonment to be completed in the future. Remedial excavation completed in Q4 2009.	-
Poulsbo Service Center Poulsbo, WA	6,000 gal. Gas & Diesel USTs	Natural Attenuation Soil excavation when building is removed.	20,000.00
Olympia Service Center (Post-EPRI Diesel Remediation) Olympia, WA	Diesel UST removed. Contaminated soil and ground water remains after EPRI air sparging program. Gas Spill Nov 99	Natural Attenuation and GW Monitoring (Existing Wells) Soil excavation when building(s) is removed	258,000.00
North Operating Base Seattle, WA	USTs removed in 1999. Diesel-contaminated soil remains beneath fuel island.	Site Characterization and GW Monitoring (New Wells) Soil excavation when fuel island is removed	100,000.00
Whitehorn Combustion Turbine	Leaking false start USTs discovered. Contaminated soil and groundwater is present.	Site Characterization and Groundwater Monitoring Three false start tanks removed and one decommissioned in-place in 2012. Accessible contaminated soil was removed. Contaminated soil remains adjacent to buildings at two locations. Soil excavation to be completed if buildings are removed in the future.	96,000.00

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 2 of 2)

PSE Facility/Location	Site Status	Proposed Remedial Action	Estimated Cost of Proposed Remedial Action (\$)
Green Mtn. Micro Wave Bremerton, WA	One UST	None	0
Rattlesnake Mtn. Micro Wave Issaquah, WA	One UST	None	0
Baker River Lower Concrete, WA	2,500 gal. Gas and Diesel USTs	None	0
Baker River Upper Concrete, WA	1,000 gal. Gas and Diesel USTs	None	0
Bellingham Service Center Bellingham, WA	10,000 gal. Gas and Diesel USTs removed Feb. 2016. No known USTs remain at site.	None	0
Factoria Service Center Bellevue, WA	10,000 gal. Gas and Diesel USTs	None	0
Kittitas Service Center Thorp, WA	5,000 gal. Gas and Diesel USTs	None	0
Cost Estimate Totals:			504,000.00

Notes

¹ Unless noted, remedial costs do not include demolition of facilities and buildings to access contaminated soil.

² Unless noted, groundwater monitoring estimate assumes three years of monitoring/sampling.

³ All estimated costs should be considered conceptual. They are not based on a detailed scope of service or design.