



Puget Sound Energy
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Bellevue, WA 98009-9734
PSE.com

August 19, 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 June 30, 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 Q2 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

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PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
June 30, 2016

September 2000 - forward SAP Order Liability Account	SAP Account	Site Description	SAP Account Balance 3/31/2016	Quarterly Activity	SAP Account Balance 6/30/2016	Actual Costs Through 6/30/2016	Future Cost Estimates	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 6/30/2016 (g)
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g)
22840351	18231241	Env Rem - White River/Buckley Phase I Headworks (Future Cost Est.)							
	18231251	Env Rem - White River/Buckley Phase I Headworks (Remediation Cost)		1,928.75	1,928.75	1,928.75	-	1,928.75	-
		Subtotal White River/Buckley Phase I Headworks Site	485,000.00	-	1,928.75	1,928.75	-	1,928.75	-
22840021	18232221	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.)							
	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Remediation Cost)	2,144,890.61	2,182.00	2,147,072.61	2,147,072.61	-	2,147,072.61	-
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris S	2,344,365.86	-	2,147,072.61	2,147,072.61	-	2,147,072.61	-
18230021	18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)							
	18232271	Env Rem - Lower Duwamish Waterway (Remediation Cost)	412,427.71	61,940.34	474,368.05	474,368.05	-	474,368.05	-
		Subtotal Lower Duwamish Waterway Site	958,008.41	-	474,368.05	474,368.05	-	474,368.05	-
18230021	18232271	Env Rem - Lower Duwamish Waterway - Insurance Recoveries	(71,171.44)	-	(71,171.44)	-	-	-	-
22840051	18230311	Env Rem - Whiteley Service Center UST (Future Cost Est.)							
22840111	18233061	Env Rem - Poulsbo Service Center UST (Future Cost Est.)							
		Subtotal Poulsbo Service Center UST	20,000.00	-	-	-	-	-	-
		Project completed - Not included on Qtrly Memo							
18230041	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)							
	18233091	Env Rem - Tenino Service Center UST (Remediation)	198,092.16	-	198,092.16	198,092.16	-	198,092.16	-
		Subtotal Tenino Service Center UST	198,092.16	-	198,092.16	198,092.16	-	198,092.16	-
		Subtotal 182.3	3,944,294.99	-	2,750,290.13	2,821,461.57	-	2,821,461.57	-
22840161	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)							
	18608001	Env Rem - Lower Baker Power Plant (Remediation Cost)	419,159.38	6,185.20	425,344.58	425,344.58	-	425,344.58	-
		Subtotal Lower Baker Power Plant Site	766,450.38	-	425,344.58	425,344.58	-	425,344.58	-
22840171	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)							
	18608021	Env Rem - Snoqualmie Hydro Generation (Remediation Cost)	2,254,508.17	-	2,254,508.17	2,254,508.17	-	2,254,508.17	-
		Subtotal Snoqualmie Hydro Generation Site	2,304,508.17	-	2,254,508.17	2,254,508.17	-	2,254,508.17	-
22840181	18608051	Env Rem - Bellingham South State Street MGP (former Blvd Park) (Future Cost Est.)							
	18608041	Env Rem - Bellingham South State Street MGP (Remediation)	2,218,851.95	-	2,218,851.95	2,218,851.95	-	2,218,851.95	-
		Subtotal Bellingham South State Street MGP (former Blvd Park) Site	5,086,844.21	-	2,218,851.95	2,218,851.95	-	2,218,851.95	-
18601119	18608041	Env Rem - Bellingham South State Street MGP - Insurance Rec	(248,004.93)	(414,548.94)	(662,553.87)	-	-	-	-
18601125	18608111	Env Rem - Electron Flume (Future Cost Est.)							
	18608081	Env Rem - Electron Flume (Remediation Cost)	659,654.59	-	659,654.59	659,654.59	-	659,654.59	-
		Subtotal Electron Flume Site	909,654.59	-	659,654.59	659,654.59	-	659,654.59	-
18601128	18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)							
	18608141	Env Rem - Talbot Hill Substation and Switchyard (Remediation Cost)	224,879.76	-	224,879.76	224,879.76	-	224,879.76	-
		Subtotal Talbot Hill Substation & Switchyard Site	299,879.76	-	224,879.76	224,879.76	-	224,879.76	-
22840281	18608181	Env Rem - Sammamish Substation (Future Cost Est.)							
	18608191	Env Rem - Sammamish Substation (Remediation Cost)	400,495.47	-	400,495.47	400,495.47	-	400,495.47	-
		Subtotal Sammamish Substation Site	450,495.47	-	400,495.47	400,495.47	-	400,495.47	-
22840301	18608221	Env Rem - City of Olympia v PSE Plum Street Station (Future Cost Est.)							
		Subtotal 18608221	103,859.00	(14,292.20)	89,566.80	-	-	89,566.80	-

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PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
June 30, 2016

September 2000 - forward SAP Order	Liability Account	SAP Account	Site Description	SAP Account Balance 3/31/2016	Quarterly Activity	SAP Account Balance 6/30/2016	Actual Costs Through 6/30/2016	Future Cost Estimates	Total Cost Estimates	Recoveries Through 6/30/2016
				(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g)
18601161		18608231	Env Rem - City of Olympia v PSE Plum Street Station (Remediation)	310,345.92	14,292.20	324,638.12	324,638.12			
			Subtotal City of Olympia v PSE Plum Street Station	414,204.92	-	414,204.92	324,638.12			
		22840311	Env Rem - Whitehorn UST Remediation (Future Cost Est.)							
18601171		18608241	Env Rem - Whitehorn UST (Remediation)	695.75	-	695.75	695.75			
		18608251	Subtotal Whitehorn UST	96,695.75	-	96,695.75	695.75			
Project completed - Not included on Carly 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	10,405,197.23	(408,363.74)	6,833,537.30	6,833,537.30			
			Total Asset	14,348,492.22	(408,363.74)	9,010,840.36	9,564,996.87			
22840081		22840081	Env Rem - Puyallup Garage Site	(950,000.00)	-	(950,000.00)	14,834.14			
			Subtotal Puyallup Garage Site	(950,000.00)	-	(950,000.00)	14,834.14			
22840131		22840131	Env Rem - Crystal Mountain Generator Station Site (Future Cost Est)							
			Subtotal Crystal Mountain Generator Station Site (Remediation)	(4,610,484.08)	-	(4,610,484.08)	-			
22840031		22840031	Env Rem - Olympia Service Center UST							
		22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,610,484.08)	-	(4,610,484.08)				
			Total Liabilities	(5,160,484.08)	-	(5,160,484.08)	14,834.14			
			Grand Total	9,189,008.14	(408,363.74)	3,850,356.28	9,669,833.01			

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Footnotes:
 (A) The total estimated costs for the Crystal Mountain Site of \$15,093,472.88 include PSE Insurance Recoveries of \$11,938,563, Future Cost Estimate of \$500,000 and Expensed amount of \$2,644,909.68 (Actual Costs less Recoveries) through report date.
 Represents allocated proceeds from the insurance recoveries.

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Gas
 June 30, 2016

September 1998 - forward SAP Order	Liability	SAP Account	Site Description	SAP	Quarterly	Account Balance	SAP	Actual Costs	Future	Total	Recoveries	
				Account Balance 3/31/2016	Activity	6/30/2016	Account Balance (a) + (b)	Through 6/30/2016	Cost Estimates	Estimates (f) = (d) + (e)	Through 6/30/2016	
				(a)	(b)	(c)	(d)	(e)	(f)	(g)		
FORMER MANUFACTURED GAS SITES:												
			Tacoma Gas Company (Upload Source Control) (Future Cost Est.)									
			Tacoma Gas Company (Upload Source Control)									
			Subtotal Tacoma Gas Company	780,308.23	1,793.72	782,101.95	782,101.95	782,101.95				
			Thea Foss Waterway (Future Cost Est.)									
			Thea Foss Waterway (Remediation Costs)	5,357,771.72	(242.10)	5,357,529.62	5,357,529.62	5,357,529.62				
			Thea Foss Recovery	7,696.25	1,125.00	8,821.25	8,821.25	8,821.25				
			(B) Thea Foss Waterway (Legal Costs)									
			Subtotal Thea Foss Waterway	5,365,427.97	-	5,365,310.87	1,877,311.77	1,877,311.77				
			Thea Foss Waterway (WADOT Settlement)	(3,486,999.10)	D	(3,486,999.10)	(3,486,999.10)	(3,486,999.10)				
			Everett Washington (Future Cost Est.)									
			Everett Washington (Remediation Costs)	1,466,508.01	-	1,466,508.01	1,466,508.01	1,466,508.01				
			Subtotal Everett Washington	1,466,508.01	-	1,466,508.01	664,957.26	664,957.26				
			Everett Washington (WADOT Settlement)	(801,550.75)	D	(801,550.75)	(801,550.75)	(801,550.75)				
			Chehalis Washington (Future Cost Est.)									
			Chehalis Washington (Remediation Costs)	3,960,605.37	656.63	3,961,262.00	3,961,262.00	3,961,262.00				
			Subtotal Chehalis Washington	3,960,605.37	656.63	3,961,262.00	3,961,262.00	3,961,262.00				
			Gas Works Park (Future Cost Est.)									
			Post - Nov 2012 Gas Works Park (Remediation Costs)	6,374,950.45	138,086.46	6,513,036.91	6,513,036.91	6,513,036.91				
			Pre-Nov 2012 Gas Works Park (Remediation Costs)	2,651,381.74	-	2,651,381.74	2,651,381.74	2,651,381.74				
			Pre-Nov 2012 Lake Union Sediments (Remediation Costs)	12,405,154.71	-	12,405,154.71	12,405,154.71	12,405,154.71				
			Subtotal Gas Works Park & Lake Union	21,431,486.90	138,086.46	21,569,573.36	21,569,573.36	21,569,573.36				
			Quendall Terminal (Future Cost Est.)									
			Quendall Terminal (Remediation Costs)	43,589.13	10,739.73	54,328.86	54,328.86	54,328.86				
			Subtotal Quendall Terminal	43,589.13	10,739.73	54,328.86	54,328.86	54,328.86				
			Tacoma Tar Pits (Future Cost Est.)									
			Post-June 1999 Tacoma Tar Pits (Remediation Costs)	4,065,304.78	49,879.12	4,115,183.90	4,115,183.90	4,115,183.90				
			Pre-June 1999 Tacoma Tar Pits (Remediation Costs)	34,881,722.38	-	34,881,722.38	34,881,722.38	34,881,722.38				
			Subtotal Tacoma Tar Pits	38,947,027.16	49,879.12	38,996,906.28	38,996,906.28	38,996,906.28				
			Bay Station (Future Cost Est.)									
			Bay Station (Remediation Costs)	231,369.84	1,550.00	232,919.84	232,919.84	232,919.84				
			Subtotal Bay Station	231,369.84	1,550.00	232,919.84	232,919.84	232,919.84				
			Olympia Columbia Street MGP (Future Cost Est.)									
			Olympia Columbia Street MGP (Remediation Costs)	1,255,840.19	-	1,255,840.19	1,255,840.19	1,255,840.19				
			Subtotal Olympia Columbia Street MGP	1,255,840.19	-	1,255,840.19	1,095,530.04	1,095,530.04				
			Olympia Columbia Street MGP (WADOT Settlement)	(160,310.15)	D	(160,310.15)	(160,310.15)	(160,310.15)				
			Verbeek Autowrecking (Future Cost Est.)									
			Verbeek Autowrecking (Remediation Costs)	2,050,122.67	-	2,050,122.67	2,050,122.67	2,050,122.67				
			Subtotal Verbeek Autowrecking	2,050,122.67	-	2,050,122.67	935,530.00	935,530.00				
			Verbeek Autowrecking (Reimbursement of Remed Cost from 3rd Party)	(1,114,592.67)	-	(1,114,592.67)	(1,114,592.67)	(1,114,592.67)				
			Downtowner Property (Future Cost Est.)									
			Downtowner Property (Remediation Costs)	516,679.22	1,115.00	517,794.22	517,794.22	517,794.22				
			Subtotal Downtowner Property	516,679.22	1,115.00	517,794.22	517,794.22	517,794.22				
			Unallocated Insurance and Third Party Recoveries	(50,267,724.64)	-	(50,267,724.64)	-	-				

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PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Gas
 June 30, 2016

September 1998 - forward SAP Order Liability	SAP Account	Site Description	SAP Account Balance 3/31/2016	Quarterly Activity	SAP Account Balance 6/30/2016	Actual Costs Through 6/30/2016	Future Cost Estimates	Total Cost Estimates	Recoveries Through 6/30/2016
		GAS UNDERGROUND STORAGE TANKS AND OTHER SITES							
		SWARR STATION (Future Cost Est.)							
18230212	18609692	SWARR STATION	279,321.20	-	279,321.20	279,321.20			
	18237112	Subtotal SWARR Station	279,321.20	-	279,321.20	279,321.20			
		NORTH OPERATING BASE (Future Cost Est.)							
		NORTH OPERATING BASE							
18230210	18609692	NORTH OPERATING BASE	100,000.00	-	-	-			
	18236912	Subtotal NORTH Operating Base	100,000.00	-	-	-			
		SOUTH SEATTLE GATE STATION							
	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			
		Total 186.0	\$ 20,215,787.38	\$ 203,820.66	\$ 20,420,490.94	\$ 70,689,215.56			
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES (182.3 and 186.0)	\$ 20,920,444.22	\$ 203,820.66	\$ 21,125,147.78	\$ 71,392,872.42	\$ -	\$ -	\$ -

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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 (RI/FS) 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 June 2016)

PSE Facility/Location	Contaminant Description	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. Leaking tanks start USTs discovered.	Site Characterization and GW Monitoring (New Wells) Soil excavation when fuel island is removed Three large start tanks removed and one decommissioned in-place in 2012. Accessible	100,000.00
Whitehorn Combustion Turbine	Contaminated soil and groundwater is present.	contaminated soil was removed. Contaminated soil	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.