



PUGET
SOUND
ENERGY

May 27, 1998

Mr. Steve McClellan, Secretary
Washington Utilities & Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

**Subject: Docket Number UG-920781 (WNG)
Docket Number UE-911476 (PSP&L)
Report on Environmental Issues
for the Period ending March 31, 1998**

Dear Mr. McLellan:

The following combined gas and electric report is submitted in accordance with the above-referenced docket numbers to update the WUTC on environmental matters undertaken by Puget Sound Energy. To assist your review, I will segregate this report into the following two headings: former WNG sites and former Puget Power sites.

1. FORMER WNG SITES

A. Tacoma Gas Company Site (Upland Source Control)

The flux chamber analysis provided encouraging news regarding recontamination. Currently, we are evaluating other possible sources of contamination to assess any possibility of recontamination from the former coal gas site.

Total remedial costs spent through 3/31/98 \$ 253,067.12

B. Thea Foss Waterway

The Potential Responsible Parties (PRPs), including PSE, are now in an arbitration process to voluntarily fund the Thea Foss remediation and hopefully avoid litigation. A₂S has been selected as the arbitrator and the discovery phase has begun. The tentative schedule for completion is December 31, 1998.

At the same time, the PRPs are completing the Round 3 analysis and modeling for the actual remediation of the Thea Foss Waterway. The PRPs and EPA are still evaluating remedial alternatives. The Round 3 model is scheduled for release in June 1998. It is not expected that EPA will select/approve of a cleanup/disposal plant prior to October 1998.

Total remedial costs spent through 3/31/98 \$ 71,974.79

RMJ

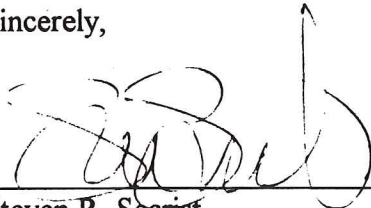
C. Underground Storage Tanks (USTs)

The attached spreadsheet shows current and projected activity for PSE USTs. Current projections for remedial costs associated with USTs are \$1.1 million, but could change depending upon the level and impact of contamination found.

Total remedial costs spent through 3/31/98 \$3,331,035.00

The information provided in this letter represents an update on all significant remedial activity currently in progress by PSE. PSE continues to pursue insurance recoveries for both former WNG and former Puget Power-related remedial activity. PSE filed a lawsuit against the comprehensive general liability and first party property insurance carriers of the former WNG MGP facilities to pursue total recovery of the remedial costs incurred at each of the sites identified in this letter. We are in the discovery phase of this litigation. Should you have any questions regarding any of the information contained in this letter please let me know.

Sincerely,



Steven R. Seerist
Director - Environmental Services

Attachment

cc: **Tim Hogan**
Jim Eldredge
Mel Walters
Barry Lombard
Gary Reid
Mike Main
Karl Karzmar
Steve Marshall
Steve McKeon
Chuck Gordon
David Brenner
Jim Murray

Underground Storage Tank Site Planned Improvements

1997

Site	Action♦
ELECTRIC SITES	
Enumclaw SVC	RMV
Olympia SVC	RMD (remediation substantially completed)
Tenino SVC	RMD (remediation substantially completed)
Redmond SVC	Closed in place
GAS SITES	
Auburn Operating Base	RMV
Georgetown	RMV
Kent Operating Base	RMV
Mercer Operating Base	RMV

1998

Site	Action♦
ELECTRIC SITES	
Bellevue GO Fuel	RMV-1999
Bremerton SVC	RMV
Cougar Mtn Comm	RPL
Crystal Mtn.	UPGRD
Eastside Comm	RMV
Electron Gen	UPGRD
General Stores	RMV-1998
Fleet SVC	RMV-1999
Green Mt Comm	RPL
Kittitas SVC	UPGRD
Lynden SVC	RMV
Olympia SVC	RMD
Pt. Orchard	RMV
Puyallup SVC	RMV
Rattlesnake Comm	RPL
Vashon SVC	RMV
Whidbey SVC	RMV-1999
GAS SITES	
Issaquah Operating Base	RMV-1999
Jackson Prairie	RPL
North Operating Base	RMV-1999
Totem Lake Operating Base	RMV

♦Action Code Definitions:

- INST - Installation - Does not include removal, remediation or restoration.
- RMD - Remediation - Includes only remediation of contamination, restoration, and reporting.
- RMV - Removal - Includes removal, remediation, and restoration but not UST installation.
- RPL - Replacement - Includes removal, remediation, installation, and restoration.
- UPGRD - Upgrade - Not remediation estimated as necessary for improvement.