Exh. ECO-2C Dockets UE-170033/UG-170034 Witness: Elizabeth O'Connell REDACTED VERSION

DOCKETS UE-170033 and

UG-170034 (Consolidated)

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

EXHIBIT TO TESTIMONY OF

Elizabeth C. O'Connell

STAFF OF WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Staff's proposed environmental remediation adjustments

CONFIDENTIAL PER PROTECTIVE ORDER – REDACTED VERSION

June 30, 2017

	Staff		PSE*		Difference		Total difference
	Electric	Gas	Electric	Gas	Electric	Gas	
Actual Costs Through September 30, 2016.	9,689,352.18	43,116,796.53	9,596,412	77,757,936.00	92,940.18	(34,641,139.47)	(34,548,199.29)
Less Site Specific Recoveries	(826,665.19)	(5,565,452.67)	0	(5,565,453.00)	(826,665.19)	0	(826,664.86)
Less unassigned recoveries to include	(4,610,484.08)	(21,477,888.11)	(2,483,527.00)	(29,385,478.86)	(2,126,957.08)	7,907,590.75	5,780,633.67
Net Deferred actual costs	4,252,202.91	16,073,455.75	7,112,885.25	42,807,004.14	(2,860,682.34)	(26,733,548.39)	(29,594,230.73)
Portion of unassigned recoveries used to offset deferred costs	100%	100%	46%	58%	-	-	-
Total rate year amortization Over a Five Year Period	850,440.58	3,214,691.15	1,422,577.05	8,561,400.83	(572,136.47)	(5,346,709.68)	(5,918,846.15)
DFIT	(297,654.20)	(1,125,141.90)	(497,901.97)	(2,996,490.29)	200,247.76	1,871,348.39	2,071,596.15
Increase (decrease NOI)	(552,786.38)	(2,089,549.25)	(924,675.08)	(5,564,910.54)	371,888.70	3,475,361.29	3,847,249.99

*PSE's information documented in Ms. Free's testimony (SEF-1T, Page 29, line 1, Table 2 Environmental Deferred Costs and Recoveries).

PUGET SOUND ENERGY ELECTRIC OPERATIONS STATEMENT OF OPERATING INCOME AND ADJUSTMENTS FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016

Docket UE-170033

OPERATING REVENUES SALES TO CUSTOMERS SALES FROM RESALE-FIRM/SPECIAL CONTRACT SALES TO OTHER UTILITIES OTTAL OPERATING REVENUES TOTAL OPERATING REVENUES OPERATING REVENUE DEDUCTIONS: OPERATING REVENUE DEDUCTIONS: PURCHASED AND INTERCHANGED WHEELING RESIDENTIAL EXCHANGE TOTAL PRODUCTION EXPENSES TOTAL PRODUCTION EXPENSES TOTAL PRODUCTION EXPENSES TRANSMISSION EXPENSE DISTRIBUTION EXPENSES CUSTOMER ACCTS EXPENSES CONSERVATION AMORTIZATION AMORTIZATION AMORTIZATION AMORTIZATION AMORTIZATION AMORTIZATION SALES (297.654) DIFER OPERATING EXPENSES TAXES OTHER THAN INCOME TAXES TOTAL OPERATING REV. DEDUCT. TAXES OTHER THAN INCOME TAXES TOTAL OPERATING REV. DEDUCT. TAXES OTHER THAN INCOME SAC 815 TOTAL OPERATING REV. DEDUCT. TOTAL OPERATING REV. DEDUCT. S52.786 MORTIZ OF PROPERTY GAIN/LOSS TOTAL OPERATING REV. DEDUCT.	LINE NO.			ONMENTAL EDIATION 13.19
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PUGET SOUND ENERGY- ELECTRIC ENVIRONMENTAL REMEDIATION FOR THE TEST YEAR TWELVE MONTHS ENDED SEPTEMBER 30, 2016 2017 GENERAL RATE CASE

LINE		
NO.	DESCRIPTION	AMOUNT
1	ELECTRIC ENVIRONMENTAL REMEDIATION	
2		
3	DEFERRED COSTS NET OF SITE SPECIFIC RECOVERIES AS OF SEPTEMBER 30. 2016 4,252,2	03
4	ANNUAL AMORTIZATION (LINE 3 ÷ 5 YEARS)	850,441
5		
6	TOTAL RATE YEAR AMORTIZATION ENVIRONMENTAL	850,441
7		
8	INCREASE (DECREASE) FIT @ 35% (LINE 11 X 35%)	(297,654)
9		
10	INCREASE (DECREASE) NOI	(552,786)
11		

12

13

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September 2000 - forward SAP Order	Site Description	Actual Costs Through Sept 2016	Recoveries from Insurance or Third PartiesThrough Sept 2016	Total costs reduced by insurance proceeds directly assigned to each project	Distribution of unassigned Insurance Proceeds	Total to be amortized in rates. Project costs included in the yearly reports after GRC
18230010	Env Rem - White River/Buckley Phase I Headworks (Remediation Cost)	5,906.25		5,906.25	(5,906.25)	-
18230009	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,147,559.11		2,147,559.11	(149,864.37)	1,997,694.74
18230021	Env Rem - Lower Duwamish Waterway	465,045.94	(71,171.44)	393,874.50	(393,874.50)	-
18230041	Env Rem - Tenino Service Center UST	198,092.16		198,092.16	(198,092.16)	-
18601120	Env Rem - Lower Baker Power Plant	440,996.89		440,996.89	(440,996.89)	-
18601121	Env Rem - Snoqualmie Hydro Generation (Power Plant)	2,254,508.17		2,254,508.17		2,254,508.17
18601122	Env Rem - Bellingham South State Street MGP (former Blvd Park)	2,242,411.06	(662,553.87)	1,579,857.19	(1,579,857.19)	-
18601125	Env Rem - Electron Flume	659,654.59		659,654.59	(659,654.59)	-
18601128	Env Rem - Talbot Hill Substation and Switchyard	224,879.76		224,879.76	(224,879.76)	-
18601130	Env Rem - Sammamish Substation	400,495.47		400,495.47	(400,495.47)	-
18601161	Env Rem - City of Olympia v PSE Plum Street Station	324,638.12	(92,939.88)	231,698.24	(231,698.24)	-
18601171	Env Rem - Whitehorn UST Remediation	695.75		695.75	(695.75)	-
18601129	Env Rem - Everett Asarco	212,588.68		212,588.68	(212,588.68)	-
18601151	Env Rem - Pt. Robinson Cable Station	111,880.23		111,880.23	(111,880.23)	-
	Accum Misc Oper Provi – Unallocated Def Elec Env Rem Recoveries		(4,610,484.08)			
		Total 9,689,352.18	(5,437,149.27)	8,862,686.99	(4,610,484.08)	4,252,202.91

PUGET SOUND ENERGY GAS OPERATIONS STATEMENT OF OPERATING INCOME AND ADJUSTMENTS FOR THE TWELVE MONTHS ENDED SEPTEMBER 30, 2016

Docket UG-170034

LINE NO.			RONMENTAL IEDIATION 11.19
1 OPI	ERATING REVENUES		
2 SAI	LES TO CUSTOMERS		
3 MU	NICIPAL ADDITIONS		
4 OT	HER OPERATING REVENUES		
5 TO	TAL OPERATING REVENUES		-
6			
7			
8 OPI	ERATING REVENUE DEDUCTIONS:		
9			
10 GA	5 COSTS		
11			
12 PUI	RCHASED GAS		
13			
14 TO	TAL PRODUCTION EXPENSES		-
15			
	HER POWER SUPPLY EXPENSES		
	ANSMISSION EXPENSE		
	TRIBUTION EXPENSE		
	STOMER ACCTS EXPENSES		
	STOMER SERVICE EXPENSES		
	NSERVATION AMORTIZATION		
	MIN & GENERAL EXPENSE		
	PRECIATION		
	ORTIZATION		
	ORTIZ OF PROPERTY GAIN/LOSS		2 214 601
	HER OPERATING EXPENSES		3,214,691
	XES OTHER THAN INCOME TAXES		
	OME TAXES		(1.125.142)
	FERRED INCOME TAXES		(1,125,142)
	TAL OPERATING REV. DEDUCT.		2,089,549
32	THE OF EXAMING REV. DEDUCT.		2,009,549
	OPERATING INCOME	\$	(2,089,549)
34		Ψ	(2,003,015)
	TE BASE	\$	(2,089,549)
36		Ŧ	(_,,
37			
38			
	ΓΕ BASE:		
40 GF	OSS UTILITY PLANT IN SERVICE		
	CUM DEPR AND AMORT		
42 DI	EFERRED DEBITS AND CREDITS		
43 DI	EFERRED TAXES		
44 AI	LOWANCE FOR WORKING CAPITAL		(2,089,549)
45 OT	THER		
46 TO	TAL RATE BASE		
		\$	(2,089,549)

PUGET SOUND ENERGY-GAS ENVIRONMENTAL REMEDIATION FOR THE TEST YEAR TWELVE MONTHS ENDED SEPTEMBER 30, 2016 2017 GENERAL RATE CASE

LINE		
NO.	DESCRIPTION	AMOUNT
1	GAS ENVIRONMENTAL REMEDIATION	
2		
3	DEFERRED COSTS NET OF SITE SPECIFIC RECOVERIES AS OF SEPTEMBER 30. 2016 16,073,456	
4	ANNUAL AMORTIZATION (LINE 3 ÷ 5 YEARS)	3,214,691
5		
6	TOTAL RATE YEAR AMORTIZATION GAS ENVIRONMENTAL	3,214,691
7		
8	INCREASE (DECREASE) FIT @ 35% (LINE 11 X 35%)	(1,125,142
9		
10	INCREASE (DECREASE) NOI	(2,089,549
11	—	
12		

- 13
- 14
- 15

September 1998 - forward SAP Order	- Site Description Former Manufactured Gas Sites:	Actual Costs Through Sept 2016	Recoveries from Insurance or Third PartiesThrough Sept 2016	Total costs reduced by insurance proceeds directly assigned to each project	Distribution of unassigned Insurance Proceeds	Total to be amortized in rates. Project costs included in the yearly reports after GRC
18606102	Tacoma Gas Company (Upload Source Control) (Remediation Costs)	785,957.33		785,957.33	(785,957.33)	-
18607102	Thea Foss Waterway (Remediation Costs)	5,361,208.37				
	Thea Foss Waterway (WADOT Settlement)		(3,488,999.10)			
18607103	Thea Foss Recovery	8,781.25				
	Subtotal Thea Foss Waterway	5,369,989.62	(3,488,999.10)	1,880,990.52	(1,880,990.52)	=
18602102	Everett Washington (Remediation Costs)	1,470,852.25				
	Everett Washington (WADOT Settlement)	, ,,	(801,550.75)			
	Subtotal Everett Washington	1,470,852.25		669,301.50	(669,301.50)	-
18603102	Chehalis Washington (Remediation Costs)	3,961,262.00		3,961,262.00	(3,961,262.00)	-
18606302	Post - Nov 2012 Gas Works Park (Remediation Costs)*	6,872,311.65				
18604102	Pre-Nov 2012 Gas Works Park (Remediation Costs)	2,651,381.74				
18614102	Pre-Nov 2012 Lake Union Sediments (Remediation Costs)	12,405,154.71				
	Subtotal Gas Works Park & Lake Union	21,928,848.10		21,928,848.10	(5,855,392.35)	16,073,455.75
18612102	Quendall Terminal (Remediation Costs)	227,819.36		227,819.36	(227,819.36)	-
18601102	Post-June 1999 Tacoma Tar Pits (Remediation Costs)	4,147,808.85				
18601102	Pre June 1999 Tacoma Tar Pits (Remediation Costs)**	240,644.77				
	Subtotal Tacoma Tar Pits	4,388,453.62		4,388,453.62	(4,388,453.62)	÷
18603202	Bay Station (Remediation Costs)	436,858.74		436,858.74	(436,858.74)	-
18614402	Olympia Columbia Street MGP (Remediation Costs)	1,263,973.54				
	Olympia Columbia Street MGP (WADOT Settlement)		(160,310.15)			
	Subtotal Olympia Columbia Street MGP	1,263,973.54	(160,310.15)	1,103,663.39	(1,103,663.39)	-
18608302	Verbeek Autowrecking (Remediation Costs)	2,050,122.67				
18608304	Verbeek Autowrecking (Reimbursement of Remed Cost from 3rd Party)		(1,114,592.67)			
	Subtotal Verbeek Autowrecking	2,050,122.67	(1,114,592.67)	935,530.00	(935,530.00)	-
18607104	Downtowner Property (Remediation Costs)	518,202.47		518,202.47	(518,202.47)	-
	Gas Underground Storage Tanks and Other Sites					
18230212	SWARR STATION	289,121.19				
	SOUTH SEATTLE GATE STATION	169,602.13				
	NORTH TACOMA GATE STATION	133,750.43				
	NORTH SEATTLE GATE STATION	53,995.63				
	COVINGTON GATE STATION	67,987.45			(m,)	
	Subtotal Underground Storage Tanks and other sites	714,456.83		714,456.83	(714,456.83)	-
	Unallocated Insurance and Third Party Recoveries***		(21,477,888.11)			
	Total	43,116,796.53	(27,043,340.78)	37,551,343.86	(21,477,888.11)	16,073,455.75

*\$61.97 of meal reimbursement has been removed.

The amount removed is \$34,641,077.23 which constitutes the transfer of "environmental balances to new accounts" documented in O'Connell, Exh. ECO-12, Tab "Attach A Staff 269", cell BF44.

*** The Unallocated Insurance and Third Party Recoveries balances have been modified as follows:

