

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

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-170033 and
UG-170034 (*Consolidated*)

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

LINE NO.	ENVIRONMENTAL REMEDIAION 13.19	

1	OPERATING REVENUES	
2	SALES TO CUSTOMERS	
3	SALES FROM RESALE-FIRM/SPECIAL CONTRACT	
4	SALES TO OTHER UTILITIES	
5	OTHER OPERATING REVENUES	
6	TOTAL OPERATING REVENUES	-
7		
8	OPERATING REVENUE DEDUCTIONS:	
9		
10	POWER COSTS:	
11	FUEL	
12	PURCHASED AND INTERCHANGED	
13	WHEELING	
14	RESIDENTIAL EXCHANGE	
15	TOTAL PRODUCTION EXPENSES	-
16		
17	OTHER POWER SUPPLY EXPENSES	
18	TRANSMISSION EXPENSE	
19	DISTRIBUTION EXPENSE	
20	CUSTOMER ACCTS EXPENSES	
21	CUSTOMER SERVICE EXPENSES	
22	CONSERVATION AMORTIZATION	
23	ADMIN & GENERAL EXPENSE	
24	DEPRECIATION	
25	AMORTIZATION	
26	AMORTIZ OF PROPERTY GAIN/LOSS	
27	OTHER OPERATING EXPENSES	850,441
28	ASC 815	
29	TAXES OTHER THAN INCOME TAXES	
30	INCOME TAXES	(297,654)
31	DEFERRED INCOME TAXES	
32	TOTAL OPERATING REV. DEDUCT.	552,786
33		
34	NET OPERATING INCOME	\$ (552,786)
35		
36	RATE BASE	\$ (552,786)
37		
38		
39		
40	RATE BASE:	
41	GROSS UTILITY PLANT IN SERVICE	
42	ACCUM DEPR AND AMORT	
43	DEFERRED DEBITS AND CREDITS	
44	DEFERRED TAXES	
45	ALLOWANCE FOR WORKING CAPITAL	(552,786)
46	OTHER	
47	TOTAL RATE BASE	\$ (552,786)

**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	<u>ELECTRIC ENVIRONMENTAL REMEDIATION</u>	
2		
3	DEFERRED COSTS NET OF SITE SPECIFIC RECOVERIES AS OF SEPTEMBER 30. 2016	4,252,203
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	<u>(552,786)</u>
11		
12		
13		
14		
15		

September 2000 - forward SAP Order	Site Description	Actual Costs Through Sept 2016	Recoveries from Insurance or Third Parties Through 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.	ENVIRONMENTAL REMEDIAION 11.19
1	OPERATING REVENUES
2	SALES TO CUSTOMERS
3	MUNICIPAL ADDITIONS
4	OTHER OPERATING REVENUES
5	TOTAL OPERATING REVENUES
6	
7	
8	OPERATING REVENUE DEDUCTIONS:
9	
10	GAS COSTS
11	
12	PURCHASED GAS
13	
14	TOTAL PRODUCTION EXPENSES
15	
16	OTHER POWER SUPPLY EXPENSES
17	TRANSMISSION EXPENSE
18	DISTRIBUTION EXPENSE
19	CUSTOMER ACCTS EXPENSES
20	CUSTOMER SERVICE EXPENSES
21	CONSERVATION AMORTIZATION
22	ADMIN & GENERAL EXPENSE
23	DEPRECIATION
24	AMORTIZATION
25	AMORTIZ OF PROPERTY GAIN/LOSS
26	OTHER OPERATING EXPENSES
27	ASC 815
28	TAXES OTHER THAN INCOME TAXES
29	INCOME TAXES
30	DEFERRED INCOME TAXES
31	TOTAL OPERATING REV. DEDUCT.
32	
33	NET OPERATING INCOME
34	
35	RATE BASE
36	
37	
38	
39	RATE BASE:
40	GROSS UTILITY PLANT IN SERVICE
41	ACCUM DEPR AND AMORT
42	DEFERRED DEBITS AND CREDITS
43	DEFERRED TAXES
44	ALLOWANCE FOR WORKING CAPITAL
45	OTHER
46	TOTAL 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	<u>GAS ENVIRONMENTAL REMEDIATION</u>	
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	<u>(2,089,549)</u>
11		
12		
13		
14		
15		

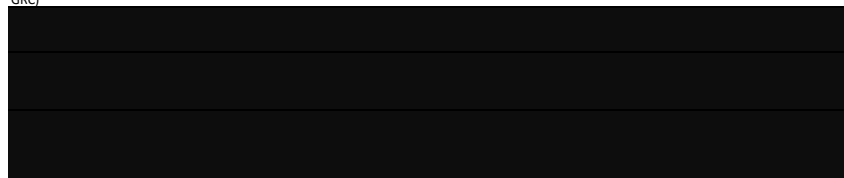
September 1998 - forward SAP Order	Site Description Former Manufactured Gas Sites:	Actual Costs Through Sept 2016	Recoveries from Insurance or Third Parties Through Sept 2016	Total costs reduced by insurance proceeds directly assigned to each project	Distribution of unassigned Insurance Proceeds	Total 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				
18607103	Thea Foss Waterway (WADOT Settlement)		(3,488,999.10)			
	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	(801,550.75)	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)	-
18230212	Gas Underground Storage Tanks and Other Sites					
	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				
	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:

Unallocated funds according to PSE's filed case (Cell I60, Tab JKR-3G, 6.19E & 6.19G Environmental 17 GRC) (50,267,724.64)



Total Unallocated Insurance and Third Party recoveries. 21,477,888.11