

**EXH. SEF-25
DOCKETS UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: SUSAN E. FREE**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-170033
Docket UG-170034**

**THIRTEENTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED REBUTTAL TESTIMONY OF**

SUSAN E. FREE

ON BEHALF OF PUGET SOUND ENERGY

AUGUST 9, 2017

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

LINE NO.	DESCRIPTION	REBUTTAL	
		MID RANGE FUTURE COST	LOW RANGE FUTURE COST
		AMOUNT	AMOUNT
1	<u>GAS ENVIRONMENTAL REMEDIATION</u>		
2			
3	DEFERRED COSTS NET OF SITE SPECIFIC RECOVERIES AS OF SEPTEMBER 30, 2016	72,192,483	72,192,483
4	ANNUAL AMORTIZATION (LINE 3 ÷ 5 YEARS)	14,438,497	14,438,497
5			
6	<u>INSURANCE PROCEEDS & THIRD PARTIES PAYMENTS</u>		
7			
8	SHARE OF DEFERRED UNASSIGNED RECOVERIES AS OF SEPTEMBER 30, 2016	(29,176,116)	
9	ANNUAL AMORTIZATION (LINE 8 ÷ 5 YEARS)	(5,835,223)	(6,613,014)
10			
11	TOTAL RATE YEAR AMORTIZATION GAS ENVIRONMENTAL (LINE 4 + LINE 9)	8,603,274	7,825,482
12			
13	INCREASE (DECREASE) FIT @ 35% (LINE 11 X 35%)	(3,011,146)	(2,738,919)
14			
15	INCREASE (DECREASE) NOI	(5,592,128)	(5,086,564)
		<u>(5,592,128)</u>	<u>(5,086,564)</u>
		DIFFERENCE NOI	(505,564)
		DIFFERENCE EXPENSE	777,791

Using Low Range of Future Cost Estimates

September 1998 - forward SAP Order	SAP Account	Site Description	Actual Costs Through Sept 2016	Recoveries from Insurance or Third Parties Through Sept 2016
FORMER MANUFACTURED GAS SITES:				
18606102	18608612	Tacoma Gas Company (Upload Source Control) (Remediation Costs)	785,957	-
		Subtotal Tacoma Gas Company	785,957	-
18607102	18608712	Thea Foss Waterway (Remediation Costs)	5,361,208	-
18607103	18608772	Thea Foss Waterway (WADOT Settlement)	(3,488,999)	-
	18608722	Thea Foss Recovery	8,781	-
		Subtotal Thea Foss Waterway	1,880,991	-
18602102	18608212	Everett Washington (Remediation Costs)	1,470,852	-
	18608782	Everett Washington (WADOT Settlement)	(801,551)	-
		Subtotal Everett Washington	669,302	-
18603102	18608312	Chehalis Washington (Remediation Costs)	3,961,262	-
		Subtotal Chehalis Washington	3,961,262	-
18606302	18609432	Post - Nov 2012 Gas Works Park (Remediation Costs)	6,872,374	-
18604102	18608412	Pre-Nov 2012 Gas Works Park (Remediation Costs)	2,651,382	-
18614102	18609312	Pre-Nov 2012 Lake Union Sediments (Remediation Costs)	12,405,155	-
18606303	18609402	Gas Works Park (Insurance Recovery)	-	-
		Subtotal Gas Works Park & Lake Union	21,928,910	-
18612102	18609512	Quendall Terminal (Remediation Costs)	227,819	-
		Subtotal Quendall Terminal	227,819	-
18601102	18608112	Post-June 1999 Tacoma Tar Pits (Remediation Costs)	4,147,809	-
18601102	18608112	Pre June 1999 Tacoma Tar Pits (Remediation Costs)	34,881,722	-
		Subtotal Tacoma Tar Pits	39,029,531	-
18603202	18609532	Bay Station (Remediation Costs)	436,859	-
		Subtotal Bay Station	436,859	-
18614402	18609542	Olympia Columbia Street MGP (Remediation Costs)	1,263,974	-
	18608792	Olympia Columbia Street MGP (WADOT Settlement)	(160,310)	-
		Subtotal Olympia Columbia Street MGP	1,103,663	-
18608302	18608752	Verbeek Autowrecking (Remediation Costs)	2,050,123	-
18608304	18608752	Verbeek Autowrecking (Reimbursement of Remed Cost from 3rd Party)	(1,114,593)	-
		Subtotal Verbeek Autowrecking	935,530	-
18607104	18608002	Downtown Property (Remediation Costs)	518,202	-
		Subtotal Downtown Property	518,202	-
	18608062	Unallocated Insurance and Third Party Recoveries	-	(50,267,725)
Gas Underground Storage Tanks and Other Sites				
18230212	18237112	SWARR STATION	289,121	-
			289,121	-
	18237122	(A) SOUTH SEATTLE GATE STATION	169,602	-
	18237132	(A) NORTH TACOMA GATE STATION	133,750	-
	18237142	(A) NORTH SEATTLE GATE STATION	53,996	-
	18237152	(A) COVINGTON GATE STATION	67,987	-
	18236022	UST - ESTIMATED FUTURE COSTS	-	-
		Total 182.3 sites	425,336	-
ADJUSTMENT				
		18608152 Env Rem Tacoma Tar Pits - Internal Cost (Note 1)		(209,797)
		18608452 Env Rem Gas Work Part - Internal Cost (Note 1)		(367)
				(210,163)
TOTAL GAS STORAGE TANKS AND MANUFACTURED GAS SITES (182.3 AND 186)			(a) \$ 72,192,483	\$ (50,477,888)
LOW RANGE FUTURE COST ESTIMATES			(b) 38,018,200	
TOTAL GAS COST ESTIMATES AS OF DECEMBER 2015			110,210,683	
% Allocate the Insurance Proceeds and 3rd Parties			(a) / (b) 66%	
Recoveries from Insurance Proceeds or 3rd Parties as of September 2016			(c) (50,477,888)	
Prorata Insurance Proceeds and 3rd Party Payments			(33,065,071)	

(Note 1) In Dec 2012, PSE inadvertently booked Company internal cost \$210,163 offset against recoveries from insurance/3rd parties. The amount is added back to the recoveries from insurance/3rd part

ENVIRONMENTAL REMEDIATION FUTURE COST ESTIMATE

GAS	
2016 Low Range Future Cost Estimate	
Tacoma Gas	\$ 640,000
Everett MGP	2,475,000
Thea Foss	556,500
Olympia Columbia MGP	484,500
Tacoma Tar Pits	7,450,000
Gas Works Park	22,000,000
Quendall Terminals	1,270,000
Bay Station	2,380,000
Verbeek	200,000
Downtowner	100,000
Chehalis MGP	222,200
Swarr Station	140,000
North Operating	100,000
Total Gas	\$ 38,018,200