

SUMMARY OF ENVIRONMENTAL ACCOUNTS INCLUDED IN UE -170033 AND UG-170034

The following 3 pages provide a summary of the amounts that were approved for amortization in the most recent GRC, UE-170033/UG-170034.

Annual Environmental Report
Filed Pursuant to UE-170033/UG-170034
Summary of Amounts Approved for Recovery in UE-170033/UG-170034
One-Time Submission for April 2018 Report Only

Line	Description	Electric	Gas
1	Amounts per Settlement in UE-170033/UG-170034:		
2	Actual Costs through September 30, 2016	\$ 9,689,352	\$ 77,757,936
3	Less Site Specific Recoveries		(5,565,453)
4	Subtotal Net Deferred Costs	<u>9,689,352</u>	<u>72,192,483</u>
5			
6	Total Unassigned Recoveries	(5,437,149)	(50,477,888)
7	Portion of Actual to Total Expected Costs	47%	58%
8	Unassigned Recoveries to Include	<u>(2,570,427)</u>	<u>(29,176,116)</u>
9	Total Net Deferral Requested	<u>7,118,925</u>	<u>43,016,368</u>
10	Amortization Over a Five Year Period	<u>1,423,785</u>	<u>8,603,274</u>
11	NOI impact at 65%	<u>(925,460)</u>	<u>(5,592,128)</u>
12			
13			
14	Amounts Transferred in December 2017 Business (Note 1):		
15	Costs:		
16	From GRC work papers	\$ 9,689,352	\$ 72,192,483
17	Site Specific Recoveries included in same account as Costs	(826,665)	N/A
18	Amount Transferred	<u>\$ 8,862,687</u>	<u>\$ 72,192,483</u>
19			
20	Recoveries:		
21	From GRC work papers	\$ (2,570,427)	\$ (29,176,116)
22	Remove Site Specific Recoveries from Costs	826,665	N/A
23	Amount Transferred	<u>\$ (1,743,762)</u>	<u>\$ (29,176,116)</u>
24			
25	Line 11 = Line 25 - Same Overall Result (((18 + 23) ÷ 5) x -65%)	<u>\$ (925,460)</u>	<u>\$ (5,592,128)</u>
26			
27			
28	18232271 Env Rem - Lower Duwamish Waterway	\$ (71,171)	N/A
29	18608041 Env Rem - Bellingham South State Street MGP (former Blvd Park)	(662,554)	N/A
30	18608231 Env Rem - City of Olympia v PSE Plum Street Station	(92,940)	N/A
31	Site Specific Recoveries included in allocation percentage	<u>\$ (826,665)</u>	<u>\$ -</u>
32			
33	Approved Annual Amortization from Line 10	\$ 1,423,785	\$ 8,603,274
34	Convert to Monthly	12	12
35	Approved Monthly Amortization	\$ 118,649	\$ 716,939
36	13 days of amortization from GRC effective date of 12/19/2017 - 12/31/2017	13/31	13/31
37	Approved Amortization for December 2017	\$ 49,755.93	\$ 300,652
38	Amount booked in December 2017	49,756	300,652
39	Verification of correct amortization booked	<u>\$ -</u>	<u>\$ -</u>

(Note 1) In the 2017 GRC settlement, the 3 site specific recoveries for electric were included in the unassigned recoveries and as a result only 47% of these amounts were included in the approved amortization. When preparing the journal entries to transfer the environmental deferrals for amortization, the entire balance in those accounts was transferred which contained all of the site specific recoveries shown on lines 28 through 30 as well as all of the deferred costs for those sites. And that amount of the site specific recoveries (\$826,665) was used to change the amount of unassigned recoveries that were transferred so that the overall result from the GRC was maintained (see line 25). PSE posted the correct amount of amortization based on the GRC settlement (see lines 33 - 39) and so this deviation does not have an income statement impact, it has a balance sheet only impact. PSE has posted a correcting entry in the 1st quarter of 2018 to transfer the 53% of these site specific recoveries that were not included in the approved amortization back to their originating accounts as follows:

Dr. 22841001 - Accum Misc Oper Provi – Unallocated Def Elec Env Rem Recoveries	\$ 435,857	
Cr. 18232271 Env Rem - Lower Duwamish Waterway		\$ (37,525)
Cr. 18608041 Env Rem - Bellingham South State Street MGP (former Blvd Park)		\$ (349,330)
Cr. 18608231 Env Rem - City of Olympia v PSE Plum Street Station		\$ (49,002)
Dr. 18239171 - Env Rem Costs - Elec UE - 170033	\$ 826,665	
Cr. 18230431 - Env Rem Recovery - Elec UE 170033		\$ (826,665)

SAP Order	SAP Account	Site Description	Actual Costs thru Sept 2016	Recoveries from Insurance or Third Parties Through Sept 2016
18230010	18231251	Env Rem - White River/Buckley Phase I Headworks (Remediation Cost)	5,906	
18230009	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,147,559	
18230021	18232271	Env Rem - Lower Duwamish Waterway	465,046	(71,171)
18230041	18233091	Env Rem - Tenino Service Center UST	198,092	
18601120	18608001	Env Rem - Lower Baker Power Plant	440,997	
18601121	18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	2,254,508	
18601122	18608041	Env Rem - Bellingham South State Street MGP (former Blvd Park)	2,242,411	(662,554)
18601125	18608081	Env Rem - Electron Flume	659,655	
18601128	18608141	Env Rem - Talbot Hill Substation and Switchyard	224,880	
18601130	18608191	Env Rem - Sammamish Substation	400,495	
18601161	18608231	Env Rem - City of Olympia v PSE Plum Street Station	324,638	(92,940)
18601171	18608251	Env Rem - Whitehorn UST Remediation	696	
18601129	18608171	Env Rem - Everett Asarco	212,589	
18601151	18608211	Env Rem - Pt. Robinson Cable Station	111,880	
	22841001	Accum Misc Oper Provi – Unallocated Def Elec Env Rem Recoveries	-	(4,610,484)

TOTAL ELECTRIC SITES	9,689,352	(5,437,149)
Future Costs	<u>10,806,250</u>	
Total Actual and Future Costs	20,495,602	
Percent of Costs Spent	47%	
		(2,570,427.24)

SAP Order	SAP Account	Site Description	Actual Costs thru Sept 2016	Recoveries from Insurance or Third Parties Through Sept 2016
18606102	18608612	Tacoma Gas Company (Upload Source Control) (Remediation Costs)	785,957	
18607102	18608712	Thea Foss Waterway (Remediation Costs)	5,361,208	
	18608772	Thea Foss Waterway (WADOT Settlement)	(3,488,999)	
18607103	18608722	Thea Foss Recovery	8,781	
18602102	18608212	Everett Washington (Remediation Costs)	1,470,852	
	18608782	Everett Washington (WADOT Settlement)	(801,551)	
18603102	18608312	Chehalis Washington (Remediation Costs)	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	
18612102	18609512	Quendall Terminal (Remediation Costs)	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	
18603202	18609532	Bay Station (Remediation Costs)	436,859	
18614402	18609542	Olympia Columbia Street MGP (Remediation Costs)	1,263,974	
	18608792	Olympia Columbia Street MGP (WADOT Settlement)	(160,310)	
18608302	18608752	Verbeek Autowrecking (Remediation Costs)	2,050,123	
18608304	18608752	Verbeek Autowrecking (Reimbursement of Remed Cost from 3rd Party)	(1,114,593)	
18607104	18608002	Downtowner Property (Remediation Costs)	518,202	
		<u>Gas Underground Storage Tanks and Other Sites</u>		
18230212	18237112	SWARR STATION	289,121	
	18237122	SOUTH SEATTLE GATE STATION	169,602	
	18237132	NORTH TACOMA GATE STATION	133,750	
	18237142	NORTH SEATTLE GATE STATION	53,996	
	18237152	COVINGTON GATE STATION	67,987	
	18608062	Unallocated Insurance and Third Party Recoveries***		(50,267,725)
		ADJUSTMENT		
		18608152 Env Rem Tacoma Tar Pits - Internal Cost		(209,797)
		18608452 Env Rem Gas Work Part - Internal Cost		(367)

TOTAL GAS SITES	72,192,483	(50,477,888)
Future Costs	52,708,450	
Total Actual and Future Costs	124,900,933	
Percent of Costs Spent	58%	

(29,176,116)

ENVIRONMENTAL REMEDIATION FUTURE COST ESTIMATE

	2016 Low Future Costs	2016 High Future Costs	2016 Mid Range Future Costs
	<i>(a)</i>	<i>(b)</i>	<i>Average (a) - (b) = (c)</i>
GAS	38,018,200	67,398,700	52,708,450
ELECTRIC	<u>4,876,000</u>	<u>16,736,500</u>	<u>10,806,250</u>
Total 2015 ELEC and GAS Future Cost Estimate	42,894,200	84,135,200	63,514,700

DEFERRED BALANCE

The following 2 pages reflect the balances in each of the deferred Environmental Remediation Accounts for the period September 2016 through December 31, 2017 consistent with reporting requirements outlined in the Settlement (paragraph 55 subpart D--Monthly & Year end deferred balance for the reporting year)

The 2017 Report filed in April 2018 will be the only year that includes a 15 month period. Future reports will be calendar year only.

The 15 month period is used in the initial report so as to agree to amounts that were included in the 2017 GRC UE-170033 and UG-170034, the rate case in which the new reporting requirements were adopted by settlement.

DEFERRED ACTIVITY

The following 4 pages represent the deferral activity by month in each Environmental Remediation Account for the September 2016 through December 31, 2017.

The pages 16 through 20 provide overviews of activity within each Electric/Gas subaccount and the 'Activity' tabs reflect the monthly entries to each account as well as include the amount of 3rd party and insurance recoveries received during the reporting period by month and are associated with the project for which they were received.

The 2017 Report filed in April 2018 will be the only year that includes a 15 month period.

Future reports will be calendar year only.

The 15 month period is used in the initial report so as to agree to amounts that were included in the 2017 GRC UE-170033 and UG-170034, the rate case in which the new reporting requirements were adopted by settlement.

PUGET SOUND ENERGY
DEFERRED ACTUAL ENVIRONMENTAL REMEDIATION COST SUMMARY FOR ELECTRIC
SEPTEMBER 2016 - DECEMBER 2017

SAP Account	Order in Docket # (a)	Type Category (b)	Site Description	Cummulative Ending Bal. Sept-16	Sept 2016 - Dec 2017 ACTUAL COST			
					Sept 2016 - Dec 2017 Activity	Insurance/3rd Party Recoveries	Bal. authorized to transfer for amortization	Ending Bal. Dec-17
18231241, 18231251	UE-991796, UE-170033	Type A	White River/Buckley Phase I Headworks Site	5,906	61,260	-	(5,906)	61,260
18232221, 18232251	UE-991796, UE-170033	Type A	White River/Buckley Phase II Burn Pile and Wood Debris	2,147,559	23,165	-	(2,147,559)	23,165
18232261, 18232271	UE-021537, UE-170033	Type A	Lower Duwamish Waterway	465,046	392,529	(213,650)	(393,875)	250,051
18230321, 18233091	UE-911476, UE-170033	Type A	Tenino Service Center UST	198,092	-	-	(198,092)	-
18608011, 18608001	UE-070724, UE-170033	Type A	Lower Baker Power Plant	440,997	19,063	-	(440,997)	19,063
18608031, 18608021	UE-072060, UE-170033	Type A	Snoqualmie Hydro Generation	2,254,508	-	-	(2,254,508)	0
18608051, 18608041	UE-081016, UE-170033	Type A	Bellingham South State Street MGP	2,242,411	820,462	(671,886)	(1,579,857)	811,130
18608111, 18608081	UE-070724, UE-170033	Type A	Electron Flume	659,655	10,000	-	(659,655)	10,000
18608151, 18608141	UE-070724, UE-072060, UE-081016, UE-170033	Type A	Talbot Hill Substation and Switchyard	224,880	1,544	-	(224,880)	1,543
18608181, 18608191	UE-070724, UE-072060, UE-081016, UE-170033	Type A	Sammamish Substation	400,495	-	-	(400,495)	0
18608221, 18608231	UE-070724, UE-072060, UE-081016, UE-170033	Type A	City of Olympia v PSE Plum Street Station	231,698	1,767,542	(105,008)	(231,698)	1,662,534
18608241, 18608251	UE-911476, UE-170033	Type A	Whitehorn UST	696	-	-	(696)	-
18608171	UE-070724, UE-072060, UE-081016, UE-170033	Type A	Everett Asarco	212,589	-	-	(212,589)	(0)
18608211	UE-070724, UE-072060, UE-081016, UE-170033	Type A	Pt. Robinson Cable Station	111,880	-	-	(111,880)	0
18608291, 18608281	UE-070724, UE-072060, UE-081016	Type B	Shuffleton (NEW)	-	95,467	-	-	95,467
18608451, 18608441	UE-070724, UE-072060, UE-081016	Type C	Central Waterfront (NEW)	-	-	-	-	-
22841001	Multiple Dockets	Type A	Unallocated Def Elec Env Rem Recoveries	(4,610,484)	-	-	1,743,762	(2,866,722)
Grand Total				4,985,928	3,191,032	(990,544)	(7,118,925)	67,492

(a) The deferred accounting would include only those amounts paid to outside vendors, contractors, or to reimburse others for such costs and would not include legal costs or the costs related to Company personnel. Any recovery of insurance proceeds, net of outside legal costs incurred in pursuing such recovery. UE-170033 - PSE's 2017 general rate case filed under UE-170033 did not authorize deferral of specific sites but allowed for amortization of the September 2016 balances over five years for the sites noted.

(b) Type A: Additional costs associated with projects previously reviewed and approved for amortization in Dockets UE-170033 and UG-170034.

Type B: New projects whose costs would be covered by the recoveries that existed and reviewed in Dockets UE-170033 and UG-170034.

Type C: New projects that cannot be tied to prior recoveries that may or may not have new recoveries specific to the project.

PUGET SOUND ENERGY
DEFERRED ACTUAL ENVIRONMENTAL REMEDIATION COST SUMMARY FOR GAS
SEPTEMBER 2016 - DECEMBER 2017

SAP Account	Order in Docket # (a)	Type Category (b)	Site Description	Cummulative Ending Bal. Sept-16	Sept 2016 - Dec 2017 ACTUAL COST			
					Sept 2016 - Dec 2017 Activity	Insurance/3rd Party Recoveries	Bal. authorized to transfer for amortization	Ending Bal. Dec-17
18609572, 18608612	UG-920840, UG-170034	Type A	Tacoma Gas Company	785,957	30,497	-	(785,957)	30,497
18609582, 18608712, 18608772	UG-920840, UG-170034	Type A	Thea Foss Waterway	5,369,990	7,779	(3,488,999)	(1,880,991)	7,779
18609592, 18608212, 18608782	UG-920781, UG-170034	Type A	Everett MGP	1,470,852	14,784	(801,551)	(669,302)	14,784
18609602, 18608312	UG-920840, UG-170034	Type A	Chehalis MGP	3,961,262	9,706	-	(3,961,262)	9,706
18609422, 18609432, 18608412, 18609312, 18609402	UG-920840, UG-170034	Type A	Gas Works Park	21,928,910	2,666,214	(499,236)	(21,928,910)	2,166,978
18609622, 18609512	UG-920840, UG-170034	Type A	Quendall Terminal	227,819	66,429	-	(227,819)	66,429
18609642, 18608112	UG-920781, UG-170034	Type A	Tacoma Tar Pits	39,029,531	467,715	-	(39,029,531)	467,715
18609652, 18609532	UG-920840, UG-170034	Type A	Bay Station	436,859	644,675	-	(436,859)	644,675
18609662, 18609542, 18608792	UG-920840, UG-170034	Type A	Olympia Columbia Street MGP	1,263,974	10,171	(160,310)	(1,103,663)	10,171
18609672, 18608752	UG-920840, UG-170034	Type A	Verbeek Autowrecking	2,050,123	-	(1,114,593)	(935,530)	-
18608012, 18608002	UG-920840, UG-170034	Type A	Downtowner Property	518,202	252,676	-	(518,202)	252,676
18609682, 18237112	UG-920840, UG-170034	Type A	Swarr Station	289,121	5,108	-	(289,121)	5,108
18237122	UG-920840, UG-170034	Type A	South Seattle Gate Station	169,602	-	-	(169,602)	-
18237132	UG-920840, UG-170034	Type A	North Tacoma Gate Station	133,750	-	-	(133,750)	-
18237142	UG-920840, UG-170034	Type A	North Seattle Gate Station	53,996	-	-	(53,996)	-
18237152	UG-920840, UG-170034	Type A	Covington Gate Station	67,987	-	-	(67,987)	-
18608062	Multiple Dockets	Type A	Unallocated Insurance and Third Parties Recoveries	(50,267,725)	(210,163)	-	29,176,116	(21,301,772)
			Grand Total	27,490,211	3,965,591	(6,064,688)	(43,016,368)	(17,625,253)

(a) The deferred accounting would include only those amounts paid to outside vendors, contractors, or to reimburse others for such costs and would not include legal costs or the costs related to Company personnel. Any recovery of insurance proceeds, net of outside legal costs incurred in pursuing such recovery.

UG-170034 - PSE's 2017 general rate case filed under UG-170034 did not authorize deferral of specific sites but allowed for amortization of the September 2016 balances over five years for the sites noted.

(b) Type A: Additional costs associated with projects previously reviewed and approved for amortization in Dockets UE-170033 and UG-170034.

Type B: New projects whose costs would be covered by the recoveries that existed and reviewed in Dockets UE-170033 and UG-170034.

Type C: New projects that cannot be tied to prior recoveries that may or may not have new recoveries specific to the project.

ACCOUNT TRANSFERS AND AMORTIZATION

The following two pages represent the amounts transferred to accounts for amortization consistent with Settlement Agreement paragraph 55 g

PUGET SOUND ENERGY
 TRANSFERS AND AMORTIZATION FOR ELECTRIC
 Sept 2016 - December 2017

SAP Account	Site Description	Amortization Period	Cummulative												Cummulative					
			Bal. Sept-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Bal. Dec-17	
18239171	Env Rem Costs - Elec UE - 170033 (Transfer) (See Note 1)	12/19/2017 -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,862,687	8,862,687
18239171	Env Rem Costs - Elec UE - 170033 (Amortization Dec 19 - 31, 2017)	12/18/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(67,721)	(67,721)
	Subtotal Env Rem Costs - Elec		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	8,794,966	8,794,966
18230431	Env Rem Recovery - Elec UE 170033 (Transfer) (See Note 1)	12/19/2017 -	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,743,762)	(1,743,762)
18230431	Env Rem Recovery - Elec UE 170033 (Amortization Dec 19 - 31, 2017)	12/18/2022	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,965	17,965
	Subtotal Amortization Accounts		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1,725,796)	(1,725,796)
	Grand Total		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,069,169	7,069,169

(Note 1) See related note on the "2017 GRC Stmt" tab in the One Time Request section.

PUGET SOUND ENERGY
 TRANSFERS AND AMORTIZATION FOR GAS
 Sept 2016 - December 2017

SAP Account	Site Description	Cummulative														Cummulative Bal. Dec-17		
		Bal. Sept-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17		Nov-17	Dec-17
18239042	Env Rem Costs - Gas UG - 170034 (Transfer)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,192,483	72,192,483
18239042	Env Rem Costs - Gas UG - 170034 (Amortization Dec 19 - 31, 2017)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(504,571)	(504,571)
	Subtotal Env Rem Costs - Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	71,687,912	71,687,912
18230312	Env Rem Recovery - Gas UE 170034 (Transfer)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(29,176,116)	(29,176,116)
18230312	Env Rem Recovery - Gas UG - 170034 (Amortization Dec 19 - 31, 2017)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	203,919	203,919
	Subtotal Env Rem Recovery - Gas	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(28,972,197)	(28,972,197)
	Grand Total	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	42,715,716	42,715,716