



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

April 20, 2012

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities & Transportation Commission
PO Box 47250
Olympia, WA 98504

RECEIVED
RECORDS MANAGEMENT
2012 APR 30 AM 8:18
STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Mr. Danner:

Subject: Environmental Report for the quarter ending April 5, 2012

Docket UG-920781 (WNG)
Docket UE-911476 (PSP&L)
Docket UE-070724 (PSE)
Docket UE-072060 (PSE)
Docket UE-081016 (PSE)

Pursuant to the WUTC Order entered on 10/8/08, PSE now operates both its electric and gas deferred environmental accounting programs with a blanket authorization, provided the requisite criteria is met. This Order was issued under the following Docket Numbers: UE-070724, UE-072060, and UE-081016.

The attached spreadsheets represent a list of major sites PSE is currently investigating, monitoring and remediating. Actual costs at the close of the quarter, costs incurred & amortized costs for the quarter and estimate of project costs are shown on each of these sheets.

Sincerely,

John Rork
Manager – Environmental Services

cc: Daniel Doyle
Don Gaines
Steve Secrist
Tom DeBoer
Lorna Luebbe
Mike Stranik
Della Cheung
John Story
Susan Free
Keith Kenway
Jeff Thomas
David Brenner

Dear [Name],
[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

[Faint, illegible text]

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
March 31, 2012

| Site Description | 12/31/2011 | 3/31/2012 | Env Services Project Cost Estimates 3/31/2012 (e) | Cost Estimates | | Balance 3/31/2012 Closing |
|---|----------------------|----------------------|---|--------------------------------------|---|---------------------------|
| | Account Balance | Account Balance | | Remaining 18608022 18236022 22940002 | Amortization Through 3/31/2012 Dr. 40700002 | |
| FORMER MANUFACTURED GAS SITES: | | | | | | |
| TACOMA GAS COMPANY (UPLAND SOURCE CONTROL) | | | | | | |
| Remediation costs | 774,426.80 | 774,426.80 | 1,500,000.00 | 725,573.20 | | 774,426.80 |
| Legal Costs | 15,888.20 | 15,888.20 | | | | 15,888.20 |
| SUBTOTAL | 790,315.00 | 790,315.00 | 1,500,000.00 | 725,573.20 | | 790,315.00 |
| THEA FOSS WATERWAY | | | | | | |
| Remediation costs | 4,045,027.87 | 4,050,842.00 | 10,000,000.00 | 5,949,158.00 | | 4,050,842.00 |
| Legal costs | 4,499,203.59 | 4,499,203.59 | | | | 4,499,203.59 |
| SUBTOTAL | 8,544,231.46 | 8,550,045.59 | 10,000,000.00 | 5,949,158.00 | | 8,550,045.59 |
| EVERETT, WASHINGTON | | | | | | |
| Remediation Costs | 1,409,400.79 | 1,413,044.48 | 4,500,000.00 | 3,086,955.52 | | 1,413,044.48 |
| Legal Costs | 8,717.50 | 8,717.50 | | | | 8,717.50 |
| SUBTOTAL Everett | 1,418,118.29 | 1,421,761.98 | 4,500,000.00 | 3,086,955.52 | | 1,421,761.98 |
| CHEHALIS, WASHINGTON | | | | | | |
| Remediation Costs | 3,832,192.72 | 3,858,648.28 | 4,250,000.00 | 391,351.72 | | 3,858,648.28 |
| GAS WORKS PARK | | | | | | |
| Remediation Costs | 2,651,381.74 | 2,651,381.74 | 4,000,000.00 | 1,348,618.26 | | 2,651,381.74 |
| Legal Costs | 856,121.11 | 856,121.11 | | | | 856,121.11 |
| Internal Costs - pre-1997 | 366.95 | 366.95 | | | | 366.95 |
| SUBTOTAL Gas Works - Seattle | 3,507,869.80 | 3,507,869.80 | 4,000,000.00 | 1,348,618.26 | | 3,507,869.80 |
| QUENDALL TERMINALS | | | | | | |
| Remediation costs | - | - | 1,000,000.00 | 1,000,000.00 | | - |
| Legal Costs | 59,043.75 | 59,043.75 | | | | 59,043.75 |
| SUBTOTAL | 59,043.75 | 59,043.75 | 1,000,000.00 | 1,000,000.00 | | 59,043.75 |
| LAKE UNION SEDIMENTS | | | | | | |
| Remediation costs | 11,968,838.26 | 12,070,703.74 | 35,000,000.00 | 22,929,296.26 | | 12,070,703.74 |
| Legal Costs | 665,123.59 | 665,123.59 | | | | 665,123.59 |
| SUBTOTAL | 12,633,961.85 | 12,735,827.33 | 35,000,000.00 | 22,929,296.26 | | 12,735,827.33 |
| TACOMA TAR PITS | | | | | | |
| Remediation Costs through June 1999 | 34,826,945.69 | 34,826,945.69 | 4,000,000.00 | 616,338.93 | | 34,826,945.69 |
| Remediation Costs post-June 1999 | 3,347,826.99 | 3,383,661.07 | | | | 3,383,661.07 |
| Legal Costs | 9,351,936.58 | 9,351,936.58 | | | | 9,351,936.58 |
| Internal Costs pre-1997 | 209,796.52 | 209,796.52 | | | | 209,796.52 |
| SUBTOTAL Tacoma Tide Flats | 47,736,505.78 | 47,772,339.86 | 4,000,000.00 | 616,338.93 | | 47,772,339.86 |
| BAY STATION | | | | | | |
| Remediation costs | 229,409.41 | 229,409.41 | 1,500,000.00 | 1,270,590.59 | | 229,409.41 |
| Legal Costs | 29,544.00 | 29,544.00 | | | | 29,544.00 |
| SUBTOTAL | 258,953.41 | 258,953.41 | 1,500,000.00 | 1,270,590.59 | | 258,953.41 |

(g)

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
March 31, 2012

| Site Description | 12/31/2011 | Activity | 3/31/2012 | Env Services Project Cost Estimates 3/31/2012 | Remaining 18608022 18236022 22840002 | Amortization Through 3/31/2012 Dr. 40700002 | Balance 3/31/2012 Closing |
|--|-------------------------|-----------------------|-------------------------|---|--------------------------------------|---|---------------------------|
| | Account Balance | | Account Balance | | | | |
| <u>OLYMPIA (COLUMBIA STREET MGP)</u> | | | | | | | |
| Remediation costs | 545,284.43 | 13,510.42 | 558,794.85 | 1,750,000.00 | 1,191,205.15 | | 558,794.85 |
| Legal Costs | - | - | - | - | - | - | - |
| SUBTOTAL | 545,284.43 | 13,510.42 | 558,794.85 | 1,750,000.00 | 1,191,205.15 | | 558,794.85 |
| <u>VERBEEK AUTOWRECKING</u> | | | | | | | |
| Remediation costs | 2,029,655.77 | | 2,029,655.77 | 1,200,000.00 | (829,655.77) | | 2,029,655.77 |
| 3rd party | (1,114,592.67) | | (1,114,592.67) | | 1,114,592.67 | | (1,114,592.67) |
| Legal Costs | 9,760.00 | | 9,760.00 | | - | | 9,760.00 |
| SUBTOTAL | 924,823.10 | - | 924,823.10 | 1,200,000.00 | 284,936.90 | | 924,823.10 |
| Estimated Future Costs | 38,981,147.89 | (\$187,123.36) | 38,794,024.53 | | | | \$ 38,794,024.53 |
| Unallocated Insurance and Third Party Recoveries | (64,533,811.33) | (32,164.02) | (64,565,975.35) | | | | (64,565,975.35) |
| SITES | \$ 54,698,636.15 | \$ (32,164.02) | \$ 54,666,472.13 | \$ 68,700,000.00 | \$ 38,794,024.53 | (b) \$ - | \$ 54,666,472.13 |

GAS UNDERGROUND STORAGE TANKS AND OTHER SITES

| | Total Costs | Curr Cost Activity | Total Costs | Estimated Costs | Remaining Est | Accm Depr | Ending Acct Bal |
|---|-------------------------|-----------------------|-------------------------|-------------------------|-------------------------|-----------------|-------------------------|
| SWARR STATION | 279,321.20 | - | 279,321.20 | 350,000.00 | 70,678.80 | - | 279,321.20 |
| NORTH OPERATING BASE | - | - | - | 50,000.00 | 50,000.00 | - | - |
| SOUTH SEATTLE GATE STATION (e) | 169,602.13 | - | 169,602.13 | - | - | - | 169,602.13 |
| NORTH TACOMA GATE STATION (e) | 133,750.43 | - | 133,750.43 | - | - | - | 133,750.43 |
| NORTH SEATTLE GATE STATION (e) | 53,995.63 | - | 53,995.63 | - | - | - | 53,995.63 |
| COVINGTON GATE STATION (e) | 67,987.45 | - | 67,987.45 | - | - | - | 67,987.45 |
| UST - ESTIMATED FUTURE COSTS | 120,678.80 | - | 120,678.80 | - | 120,678.80 | - | 120,678.80 |
| RECOVERIES TANKS | \$ 825,335.64 | \$ - | \$ 825,335.64 | \$ 400,000.00 | \$ 120,678.80 | (c) \$ - | \$ 825,335.64 |
| TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES | \$ 55,523,971.79 | \$ (32,164.02) | \$ 55,491,807.77 | \$ 69,100,000.00 | \$ 38,914,703.33 | (d) \$ - | \$ 55,491,807.77 |

the future cost estimate range 3022 after quarterly true-up 3022 after quarterly true-up 3002 after quarterly true-up remedial actions are planned. Currently anticipating entering into insurance recoveries discussion in 2014. 10 for reimbursement for remediation costs from the 3rd party. This order settles to Account # 18608752. 3 3rd Qt of 2010 for posting legal cost related to THEA FOSS WATERWAY.

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
March 31, 2012

| Site Description | SAP Account Balance 12/31/2011 | 1st Quarterly Activity | SAP Account Balance 3/31/2012 | Actual Costs Through 3/31/2012 | Future Cost Estimates | Total Cost Estimates (f) = (d) + (e) | Recoveries Through 3/31/2012 |
|--|--------------------------------------|------------------------------|-------------------------------------|--------------------------------------|-----------------------------|---|------------------------------------|
| | (a) | (b) | (c) = (a) + (b) | (d) | (e) | (f) = (d) + (e) | (g) |
| river/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.) | 250,000.00 | 0.00 | 250,000.00 | 0.00 | 250,000.00 | 250,000.00 | 0.00 |
| river/Buckley Phase II Burn Pile and Wood Debris | 2,036,765.68 | 1,675.00 | 2,036,440.68 | 2,036,440.68 | 0.00 | 2,036,440.68 | 0.00 |
| river/Buckley Phase II Burn Pile and Wood Debris Site | 2,284,765.68 | 1,675.00 | 2,286,440.68 | 2,036,440.68 | 250,000.00 | 2,286,440.68 | 0.00 |
| river Duwamish Waterway (Future Cost Est.) | 120,156.13 | 0.00 | 120,156.13 | 0.00 | 120,156.13 | 120,156.13 | 0.00 |
| river Duwamish Waterway | 79,843.87 | 0.00 | 79,843.87 | 79,843.87 | 0.00 | 79,843.87 | 0.00 |
| Duwamish Waterway Site | 200,000.00 | 0.00 | 200,000.00 | 79,843.87 | 120,156.13 | 200,000.00 | 0.00 |
| ley Service Center UST (Future Cost Est.) | 15,000.00 | 0.00 | 15,000.00 | 0.00 | 15,000.00 | 15,000.00 | 0.00 |
| o Service Center UST (Future Cost Est.) | 65,332.39 | (2,440.25) | 62,892.14 | 0.00 | 62,892.14 | 62,892.14 | 0.00 |
| o Service Center UST | 184,667.61 | 2,440.25 | 187,107.86 | 187,107.86 | 0.00 | 187,107.86 | 0.00 |
| Service Center UST | 250,000.00 | 0.00 | 250,000.00 | 187,107.86 | 62,892.14 | 250,000.00 | 0.00 |
| bo Service Center UST (Future Cost Est.) | 10,000.00 | 0.00 | 10,000.00 | 0.00 | 10,000.00 | 10,000.00 | 0.00 |
| | 2,759,765.68 | 1,675.00 | 2,761,440.68 | 2,303,392.41 | 458,048.27 | 2,761,440.68 | 0.00 |
| ir Baker Power Plant (Future Cost Est.) | 407,109.77 | (1,671.00) | 405,438.77 | 0.00 | 405,438.77 | 405,438.77 | 0.00 |
| ir Baker Power Plant | 292,890.23 | 1,671.00 | 294,561.23 | 294,561.23 | 0.00 | 294,561.23 | 0.00 |
| Baker Power Plant Site | 700,000.00 | 0.00 | 700,000.00 | 294,561.23 | 405,438.77 | 700,000.00 | 0.00 |
| ualmie Hydro Generation (Power Plant) (Future Cost Est.) | 877,049.82 | (537.50) | 876,512.32 | 0.00 | 876,512.32 | 876,512.32 | 0.00 |
| ualmie Hydro Generation (Power Plant) | 1,872,950.18 | 537.50 | 1,873,487.68 | 1,873,487.68 | 0.00 | 1,873,487.68 | 0.00 |
| ualmie Hydro Generation Site | 2,750,000.00 | 0.00 | 2,750,000.00 | 1,873,487.68 | 876,512.32 | 2,750,000.00 | 0.00 |
| ingham South State Street MGP (former Boulevard Park) (Future Cost Est.) | 284,440.34 | 824,530.54 | 1,088,970.88 | 0.00 | 1,088,970.88 | 1,088,970.88 | 0.00 |
| ingham South State Street MGP (former Boulevard Park) | 1,235,559.66 | 175,469.46 | 1,411,029.12 | 1,411,029.12 | 0.00 | 1,411,029.12 | 0.00 |
| ingham South State Street MGP (former Boulevard Park) Site | 1,500,000.00 | 1,000,000.00 | 2,500,000.00 | 1,411,029.12 | 1,088,970.88 | 2,500,000.00 | 0.00 |
| ron Flume (Future Cost Est.) | 181,886.51 | (6,087.00) | 175,799.51 | 0.00 | 175,799.51 | 175,799.51 | 0.00 |
| ron Flume | 618,113.49 | 6,087.00 | 624,200.49 | 624,200.49 | 0.00 | 624,200.49 | 0.00 |
| ron Flume Site | 800,000.00 | 0.00 | 800,000.00 | 624,200.49 | 175,799.51 | 800,000.00 | 0.00 |
| st Hill Substation and Switchyard (Future Cost Est.) | 125,120.24 | 0.00 | 125,120.24 | 0.00 | 125,120.24 | 125,120.24 | 0.00 |
| st Hill Substation and Switchyard | 224,879.76 | 0.00 | 224,879.76 | 224,879.76 | 0.00 | 224,879.76 | 0.00 |
| st Hill Substation & Switchyard Site | 350,000.00 | 0.00 | 350,000.00 | 224,879.76 | 125,120.24 | 350,000.00 | 0.00 |
| st Asarco (Future Cost Est.) | 105,718.50 | (11,783.64) | 93,934.86 | 0.00 | 93,934.86 | 93,934.86 | 0.00 |
| st Asarco | 69,281.50 | 11,783.64 | 81,065.14 | 81,065.14 | 0.00 | 81,065.14 | 0.00 |
| st Asarco Site | 175,000.00 | 0.00 | 175,000.00 | 81,065.14 | 93,934.86 | 175,000.00 | 0.00 |
| namish Substation (Future Cost Est.) | 46,689.82 | (3,915.66) | 42,774.16 | 0.00 | 42,774.16 | 42,774.16 | 0.00 |
| namish Substation | 386,310.18 | 3,915.66 | 390,225.84 | 390,225.84 | 0.00 | 390,225.84 | 0.00 |
| namish Substation Site | 433,000.00 | 0.00 | 433,000.00 | 390,225.84 | 42,774.16 | 433,000.00 | 0.00 |
| obinson Cable Station (Future Cost Est.) | 64,221.52 | 0.00 | 64,221.52 | 0.00 | 64,221.52 | 64,221.52 | 0.00 |
| obinson Cable Station | 110,778.48 | 0.00 | 110,778.48 | 110,778.48 | 0.00 | 110,778.48 | 0.00 |
| inson Cable Station | 175,000.00 | 0.00 | 175,000.00 | 110,778.48 | 64,221.52 | 175,000.00 | 0.00 |
| of Olympia v PSE (Future Cost Est.) | 0.00 | 60,000.00 | 60,000.00 (c) | 0.00 | 60,000.00 | 60,000.00 | 0.00 |
| of Olympia v PSE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| of Olympia v PSE | 0.00 | 60,000.00 | 60,000.00 | 0.00 | 60,000.00 | 60,000.00 | 0.00 |
| ehorn UST Remediation (Future Cost Est.) | 0.00 | 25,000.00 | 25,000.00 (d) | 0.00 | 25,000.00 | 25,000.00 | 0.00 |
| ehorn UST Remediation | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| ehorn UST Remediation | 0.00 | 25,000.00 | 25,000.00 | 0.00 | 25,000.00 | 25,000.00 | 0.00 |
| | 6,883,000.00 | 1,085,000.00 | 7,968,000.00 | 5,010,227.74 | 2,957,772.26 | 7,968,000.00 | 0.00 |
| | 9,642,765.68 | 1,086,675.00 | 10,729,440.68 | 7,313,620.15 | 3,415,820.53 | 10,729,440.68 | 0.00 |

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
March 31, 2012

| Site Description | SAP Account Balance 12/31/2011 | 1st Quarterly Activity | SAP Account Balance 3/31/2012 | Actual Costs Through 3/31/2012 | Future Cost Estimates | Total Cost Estimates | Recoveries Through 3/31/2012 |
|--|--------------------------------------|------------------------------|-------------------------------------|--------------------------------------|-----------------------------|----------------------------|------------------------------------|
| Slup Garage Site | (453,028.42) | 0.00 | (453,028.42) | 0.00 | 468,000.00 | 468,000.00 | (350,000.00) |
| al Mountain Generator Station Site | (500,000.00) | 0.00 | (500,000.00) | 14,583,472.68 | 500,000.00 | 15,083,472.68 (A) | (11,938,563.00) |
| pia Service Center UST | (129,471.05) | 0.00 | (129,471.05) | 20,528.95 | 129,471.05 | 150,000.00 | (150,000.00) |
| ar Provi – Unallocated Def Elec Env Rem Recoveries | (4,542,513.91) | 0.00 | (4,542,513.91) | 0.00 | 0.00 | 0.00 | (4,542,513.91) |
| | <u>(5,625,013.38)</u> | <u>0.00</u> | <u>(5,625,013.38)</u> | <u>14,604,001.63</u> | <u>1,097,471.05</u> | <u>15,701,472.68</u> | <u>(16,981,076.91)</u> |
| | <u>4,017,752.30</u> | <u>1,086,675.00</u> | <u>5,104,427.30</u> | <u>21,917,621.78</u> | <u>4,513,291.58</u> | <u>26,430,913.36</u> | <u>(16,981,076.91)</u> |

Site of \$15,083,472.68 include PSE Insurance Recoveries of \$11,938,563, Future Cost Estimate of \$500,000 and Expensed amount of \$2,644,909.68 through report date.
 2012, the City of Olympia filed a lawsuit against PSE asserting that a predecessor of PSE owned and operated an MGP at an adjacent site and that PSE also is responsible as the current owner of the adjacent PI
 6th, 2012 petroleum contamination was discovered by PSE crews as they were excavating onsite.

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated March 2012)

| PSE Facility/Location | | Proposed Remedial Action | Estimated Cost of Proposed Remedial Action (\$) |
|---|--|---|---|
| Whidbey Service Center Oak Harbor, WA | USTs and majority of contaminated soil removed in 1999. Small volume of contaminated soil remains beneath building | A. VCP Program and GW Monitoring (New Wells) B. Soil excavation when building(s) is removed | A. 30,000 B. 15,000 |
| Tenino Service Center Tenino, WA | USTs and majority of contaminated soil removed in 1991. Remaining small volume of contaminated soil removed Q4 2009. | A. One year GW Monitoring (3 existing wells & 1 new well) and well abandonment. B. Remedial excavation completed in Q4 2009. | A. 30,000 B. 0 |
| Poulsbo Service Center Poulsbo, WA | 6,000 gal. Gas & Diesel USTs | A. Natural Attenuation B. Soil excavation when building is removed. | A. 0 B. 10,000 |
| Olympia Service Center (Fuel Island) Olympia, WA | 10,000 gal. Gas & Diesel USTs Gas spill Nov. '99 | A. Natural Attenuation and GW Monitoring (Existing Wells) B. Soil excavation when Fuel Island is removed | A. 15,000 B. 50,000 |
| Olympia Service Center (Post-EPRI Diesel Remediation) Olympia, WA | Diesel UST removed. Contaminated soil and ground water remains after EPRI air sparging program. | A. Natural Attenuation and GW Monitoring (Existing Wells) B. Soil excavation when building(s) is removed | A. 15,000 B. 100,000 |
| North Operating Base Seattle, WA | USTs removed in 1999. Diesel-contaminated soil remains beneath fuel island. | A. Site Characterization and GW Monitoring (New Wells) B. Soil excavation when fuel island is removed | A. 20,000 B. 50,000 |
| Whitehorn Combustion Turbine | Leaking UST discovered. Contaminated soil and groundwater is present | A. Site Characterization and Soil Excavation B. Groundwater well installation and monitoring | A. 25,000 B. 60,000 |

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 2 of 2)

| PSE Facility/Location | Site Status | Proposed Remedial Action | Estimated Cost of Proposed Remedial Action (\$) |
|---|---------------------------------|--------------------------|---|
| Port Townsend Service Center Port Townsend, WA | 6,000 gal. Gas & Diesel USTs | None | 0 |
| Green Mtn. Micro Wave Bremerton, WA | One UST | None | 0 |
| Rattlesnake Mtn. Micro Wave Issaquah, WA | One UST | None | 0 |
| Baker River Lower Concrete, WA | 2,500 gal. Gas and Diesel USTs | None | 0 |
| Baker River Upper Concrete, WA | 1,000 gal. Gas and Diesel USTs | None | 0 |
| Bellingham Service Center Bellingham, WA | 10,000 gal. Gas and Diesel USTs | None | 0 |
| Electron Forebay Orting, WA | 550 gal. Gas and Diesel USTs | None | 0 |
| Factoria Service Center Bellevue, WA | 10,000 gal. Gas and Diesel USTs | None | 0 |
| Kittitas Service Center Thorp, WA | 5,000 gal. Gas and Diesel USTs | None | 0 |

Cost Estimate Totals:
 A. Groundwater Monitoring, Site Characterization, Natural Attenuation Only (No Remediation) **\$135,000**
 B. Remediation Only (No Monitoring) **\$285,000**
 A. & B. Groundwater Monitoring Followed by Remediation **\$420,000**

Notes
¹ Unless noted, remedial costs do not include demolition of facilities and buildings to access contaminated soil.
² Unless noted, groundwater monitoring estimate assumes three years of monitoring/sampling.
³ All estimated costs should be considered conceptual. They are not based on a detailed scope of service or design.