



PUGET
SOUND
ENERGY

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

November 5, 2004

Ms. Carole Washburn, Secretary
Washington Utilities & Transportation Commission
PO Box 47520
Olympia, WA 98504

**Subject: Docket UG-920781 (WNG)
Docket UE-911476 (PSP&L)
Report on Environmental Issues for the period ending September 30, 2004**

FORMER WASHINGTON NATURAL GAS SITES

1. Tacoma Gas Company Site (Upland Source Control)

The remediation of the Standard Chemical seep and the SB-16 hot spot area have now been completed by WDOE. Discussions between PSE and WDOE revealed that further documentation describing conditions on a sitewide basis is necessary. Accordingly, closure of this site will require development of RI/FS and CAP/EDR documents for addressing portions of the site under the I-705 overpass. Periodic ground-water monitoring continues.

Remedial costs incurred through 9/30/04

\$ 699,738.56

2. Thea Foss Waterway

The construction phase in the utilities' (PSE & Pacificorp) work area of this project is essentially completed with one exception. It will be necessary to buttress the sheet pile wall using rip-rap. The City of Tacoma will complete this task, on behalf of the utilities, during the 2004-05 construction season. EPA has approved the most recent utility construction report. Monitoring of the utilities' remedy began in April 2004, as required by the agency approved Operation Maintenance and Monitoring Plan (OMMP). Consultants for the utilities are monitoring recontamination potential from stormwater and remedial dredging by the City. As of September 30th, the project remains on budget.

Remedial costs incurred through 9/30/04

\$ 2,667,148.34

3. Everett, Washington

PSE continues regular monitoring of the results of the remediation already performed. The remedy chosen for this site was a containment wall with monitoring wells at both ends.

Remedial costs incurred through 9/30/04

\$ 1,239,946.08

4. Chehalis, Washington - Gas Site

Recent information collected from our monitoring wells on site and off-site indicates a need to commence further investigation and potential remediation. We are in the process of conducting further investigation. We expect to complete the evaluation of further remediation in 2005.

Remedial costs incurred through 9/30/04 \$ 2,083,174.83

5. Gas Works Park

No change. The only ongoing activity is the monitoring of the remediation. This is the responsibility of the City of Seattle. The five-year review of the remedial action will be conducted with Ecology in 2004.

Remedial costs incurred through 9/30/04 \$ 2,573,828.37

6. 5th and Jackson

Union Station Associates and PSE settled the pending litigation in December 2002. We are still working with our insurance carriers to recover costs associated with the defense of this litigation.

Total investigative and settlement costs through 9/30/04 \$ 2,382,220.01

7. Quendall Terminals

There has been virtually no communication with PSE regarding this site for a few years. PSE has attempted to monitor activities, and we continue to deny liability. Given the current estimate of costs, allegations by other parties, and our ongoing investigation, it remains difficult to estimate project costs. Historically, we have simply referenced the \$1,000,000 demand tendered by the City of Renton. However, we now believe that a potential range of costs more accurately reflects the range of risks faced by PSE at this site.

8. Lake Union

PSE has continued extensive negotiations with both WDOE and the City of Seattle. PSE and the City of Seattle have recently reached agreement on a solution that would allocate our respective responsibilities through the Remedial Investigation and Feasibility Study phases of this project. We expect to execute an Agreed Order in 2004 with WDOE and the City to allocate responsibilities.

Remedial costs incurred through 9/30/04 \$ 2,284,046.99

9. Tacoma Tar Pits

The pump and treat system is operating and PSE continues to monitor system performance. Maintenance of site facilities (e.g., mowing of covered stabilized waste pile) and monitoring of ground water quality continues.

Remedial costs incurred through 9/30/04 \$ 36,733,929.89

10. Crossroads Business Office

Permits have been obtained for the excavation of petroleum-contaminated soil, and began during the last week of September. The remedial objective is to remove all contaminated soil that is reasonably accessible without installing shoring or removing major facilities.

Remedial costs incurred through 9/30/04 \$ 113,670.76

FORMER PUGET POWER SITES

11. Northwest Transformer, Mission Pole

PSE monitors this site, but it has very little additional activity following the completed remediation.

12. Puyallup Garage

PSE expects to perform remediation at this site in the future, but is presently monitoring the property only.

13. Buckley Headworks Site

Phase 1

Remediation of the first area of investigation was completed in 2002 in accordance with MTCA and WDOE has provided a No Further Action Letter. This phase of the project is completed and PSE has pursued insurance recovery for costs associated with the remediation of the wood treatment facility area.

Costs incurred thus far are substantially associated with our efforts to remediate this portion of the facility. As of 9/30/04, the total costs incurred were \$2,304,499.59. Future costs are currently expected to be associated with monitoring the work already completed.

Phase 2

PSE continues to investigate three other areas noted during our initial remediation work that will require remediation. The groundwater monitoring program was recently expanded to assess the full extent of impacts.

The full nature and cause of issues identified in these areas is not yet fully known.

Total Phase 2 Project Cost Estimate \$ 1,500,000

14. Duwamish Waterway (Potential New Site)

While PSE has not been formally designated as a PLP for this site in south Seattle, allegations have been made by other parties that PSE may have contributed to contamination in this Waterway as a result of the operations of a steam plant in the Georgetown area. It remains premature to determine either the merit of these claims or the amount of any formal claim that may be brought against PSE.

15. Olympia Capacitor Site

Ms. Carole Washburn

November 5, 2004

Page 4

PSE used arbitration to reach an agreement with the property owner allowing for the cleanup of the known PCB contamination at the site. PCB-contaminated materials have been removed from the site to meet Ecology and EPA cleanup criteria. Field activities were completed on August 30, 2004. A draft cleanup report will be submitted to Ecology and EPA during the last week of September, and PSE projects that the report will be finalized this fall. We also anticipate that Ecology will provide a "No Further Action" letter within two months of finalizing the report.

Remedial costs incurred through 9/30/04

\$ 391,480.20

16. Underground Storage Tanks Status

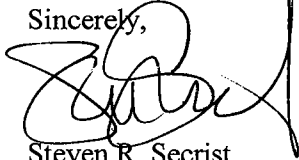
Please see the attached spreadsheet. Note that the former WNG Crossroads Business Office UST-related cleanup and our estimate of related costs are described in item 10 above. The estimate of future expenditures in this category has been adjusted accordingly.

Remedial costs incurred through 9/30/04

\$ 53,701.36

This list represents current major sites PSE is investigating, monitoring, or remediating. With respect to insurance litigation, the case is currently stayed by agreement of the parties. The trial date was continued and is now tentatively scheduled for late summer 2005.

Sincerely,



Steven R. Secrist

Director – Environmental Services

cc: Mike Main
Karl Karzmar
Jeff Tilden
David Brenner
Mike Stranik
Jennifer O'Connor
Jim Hackbarth

**PUGET SOUND ENERGY
SUMMARY OF (ELECTRIC) ENVIRONMENTAL DEFERRED REMEDIATION COSTS
SEPTEMBER 30, 2004**

September 2000 - forward SAP ORDER SAP ACCOUNT	SITE DESCRIPTION	ALL REMEDIAION COSTS INCURRED?	ALL INSURANCE PROCEEDS RECEIVED?	AMORT START DATE	MONTHLY AMORT	YTD AMORT MONTHS	INCEPTION TO-DATE COSTS (a)	INC-TO-DATE INS PROCEEDS (b)	ESTIMATED FUTURE COSTS (c)	PROBABLE FUTURE INS PROCEEDS (d)	SUBTOTAL AS OF 9/30/04 (e)=(a)+(b)+(c)+(d)	AMORT THROUGH 9/30/04 (f)	BALANCE AS OF 9/30/04 (e)+(f)
18230009	18232221 18232251 Env Rem - Buckley-White River Phase II Future Est Cost Buckley Phase II - Burn Pile & Wood Debris Env Rem Cost SUBTOTAL BUCKLEY HEADWORKS MTCA SITE	N N	N N		0.00		46,405.45 46,405.45	0.00	1,453,594.55 1,453,594.55	0.00	1,453,594.55 46,405.45 1,500,000.00	0.00	1,453,594.55 46,405.45 1,500,000.00
18230022	18233081 18232281 Env Rem - Olympia SVC Capacitor Site Future Est Cost Env Rem - Olympia SVC Capacitor Site SUBTOTAL OLYMPIA SVC CAPACITOR SITE	N N	N N		0.00		391,480.20 391,480.20	0.00	50,000.00 50,000.00	0.00	391,480.20 441,480.20	0.00	391,480.20 441,480.20
18230007	18232241 Buckley Phase 1-Wood Treatment Area Env Remed Cost	Y	Y	1/1/2004	19,395.38	9	2,304,499.59	(1,140,777.03)			1,163,722.56	174,558.42	989,164.14
18230021	18232271 Env Rem - Duwamish River Site (former Georgetown)	N	N				56,800.68 (1)				56,800.68		56,800.68
18230011	18232291 18233051 18233061 Env Rem - UG Tank - Bellevue G.O. Env Rem - UG Tank - Baker Lodge Env Rem - UG Tank - Poulsbo Service Center	N Y N	Y Y Y	6/1/2003	224.04	16	13,442.34		50,000.00		13,442.34	3,584.62	9,857.72
18230031	18233071 Env Rem - UG Tank - Kent Fleet SUBTOTAL REMEDIATION SITE	Y	Y	5/1/2001	1,466.24	41	87,974.39		10,000.00		87,974.39	60,115.84	27,858.55
	TOTAL ACCRUED ASSETS				21,085.65		2,462,717.00	(1,140,777.03)	60,000.00	0.00	1,381,939.97	238,258.88	1,143,681.09
					21,085.65		2,900,602.65	(1,140,777.03)	1,563,594.55	0.00	3,323,420.17	238,258.88	3,085,161.29
22840011	NWT - Mission Pole Def Site	N	Y					(75,000.00)			(75,000.00)		(75,000.00)
22840021	Buckley White River Phase II Def Site	N	N						(1,453,594.55)		(1,453,594.55)		(1,453,594.55)
22840031	Olympia UST Def Site	N	Y				20,528.95	(150,000.00)			(129,471.05)		(129,471.05)
22840041	Bremerton UST Def Site	N	Y				44,001.49	(50,000.00)			(5,998.51)		(5,998.51)
22840051	Whidbey Island UST Def Site	N	Y					(15,000.00)			(15,000.00)		(15,000.00)
22840061	Tenino UST Def Site	N	Y				19,232.89	(75,000.00)			(55,767.11)		(55,767.11)
22840081	Puyallup Garage expensed Site	N	Y				12,000.18	(350,000.00)			(337,999.82)		(337,999.82)
22840091	Bellevue GO UST Site	N	Y				8,365.81	(100,000.00)			(91,634.19)		(91,634.19)
22840101	Env Rem - Centralia Plant (2)	N	N						(140,000.00)		(140,000.00)		(140,000.00)
22840111	Poulsbo Service Center	N	Y						(10,000.00)		(10,000.00)		(10,000.00)
22840121	Olympia SVC Capacitor Def Site	N	Y						(50,000.00)		(50,000.00)		(50,000.00)
22841001	AETNA II Lawsuit unallocated proceeds	N/A	Y					(1,481,763.38)			(1,481,763.38)		(1,481,763.38)
	TOTAL ACCRUED LIABILITY				0.00		104,129.32	(2,296,763.38)	(1,703,594.55)	0.00	(3,896,228.61)	0.00	(3,896,228.61)
	TOTAL ACCRUED ASSETS & LIABILITIES						3,004,731.97	(3,437,540.41)	(140,000.00)	0.00	(572,808.44)	238,258.88	(811,067.32)

(1) Per Steve Secrist, PSE cannot determine the range at this time as the activity on the Duwamish River Site by the primary parties has ceased to involve PSE.
(2) Cash proceeds from sale of Centralia used to set aside for future environmental remediation.

**PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY**

**GAS
sept 30, 2004**

September 1998 - forward SAP ORDER SAP ACCOUNT	Site Description	6/30/2004		Activity	9/30/2004		Env Services Project Cost Estimates 9/30/2004 (d)	Remediation Cost Estimates Remaining		Amortization Through 9/30/04 Dr. 40700002	Balance At 9/30/2004 Closing
		Account Balance			Account Balance			18608022 18236022 22840002			
FORMER MANUFACTURED GAS SITES:											
	TACOMA TIDE FLATS (TACOMA TAR PITS, THOGGS RIVER STREET)										
18601203	18608142	Legal Costs	9,351,936.58	-	9,351,936.58	-	-	-	-	-	9,351,936.58
18601102	18608112	Remediation Costs through June 1999	34,831,847.66	(i)	34,831,847.66	-	-	-	-	-	34,831,847.66
18601102	18608112	Remediation Costs post-June 1999	1,871,949.19	(i)	1,802,082.23	30,133.04	2,450,000.00	547,917.77	-	-	1,902,082.23
	18608152	Internal Costs pre-1997	209,796.52	-	209,796.52	-	-	-	-	-	209,796.52
		SUBTOTAL Tacoma Tide Flats	46,265,528.95		46,265,528.95	30,133.04	2,450,000.00	547,917.77	-	-	46,265,528.95
	EVERETT										
18602102	18608212	Remediation Costs	1,239,946.08	112.50	1,239,946.08	-	2,700,000.00	1,460,053.92	-	-	1,239,946.08
18602203	18608242	Legal Costs	8,717.50	-	8,717.50	-	-	-	-	-	8,717.50
		SUBTOTAL Everett	1,248,663.58	112.50	1,248,663.58	-	2,700,000.00	1,460,053.92	-	-	1,248,663.58
	CHEHALIS										
18603102	18608312	Remediation Costs	1,961,210.86	121,963.97	2,083,174.83	-	2,500,000.00	416,825.17	-	-	2,083,174.83
	GAS WORKS - SEATTLE										
18604203	18608442	Legal Costs	776,591.54	52,821.82	829,413.36	-	3,200,000.00	626,171.63	-	-	829,413.36
18604102	18608412	Remediation Costs	2,573,828.37	-	2,573,828.37	-	3,200,000.00	-	-	-	2,573,828.37
	18608452	Internal Costs - pre-1997	366.95	-	366.95	-	-	-	-	-	366.95
		SUBTOTAL Gas Works - Seattle	3,350,786.86	52,821.82	3,403,608.68	-	3,200,000.00	626,171.63	-	-	3,403,608.68
	WSDOT FEDERAL/STATE										
18605203	18608542	Legal costs	379,591.40	-	379,591.40	-	-	-	-	-	379,591.40
18605102	18608512	Remediation Costs	-	-	-	-	-	-	-	-	0.00
		SUB TOTAL	379,591.40	-	379,591.40	-	-	-	-	-	379,591.40
	WSDOT UPLAND (Aka 22nd & A Street, Tacoma Gas Company Site)										
18606102	18608612	Remediation Costs	699,738.56	5,550.48	699,738.56	-	1,100,000.00	400,261.44	-	-	699,738.56
18606203	18608642	Legal Costs	15,888.20	-	15,888.20	-	-	-	-	-	15,888.20
		SUBTOTAL	710,076.28	5,550.48	715,626.76	-	1,100,000.00	400,261.44	-	-	715,626.76
	WSDOT THEA FOSS										
18607102	18608712	Remediation costs	2,667,148.34	21,336.68	2,667,148.34	-	6,500,000.00	3,832,851.66	-	-	2,667,148.34
18607203	18608742	Legal costs	2,693,686.90	92,730.05	2,693,686.90	-	-	-	-	-	2,693,686.90
		SUBTOTAL	5,246,768.50	114,066.74	5,360,835.24	-	6,500,000.00	3,832,851.66	-	-	5,360,835.24
	TULALIP										
18608102	18608812	Remediation costs	995.00	-	995.00	-	-	-	-	-	995.00
	OMNIBUS INSURANCE LITIGATION (& MFG. GAS SITES)										
18609202	18608942	Legal costs	2,236,777.68	241,321.51	2,478,099.19	-	-	-	-	-	2,478,099.19
	5TH & JACKSON										
18610102	18609112	Remediation costs	2,382,220.01	85.57	2,382,220.01	-	-	-	-	-	2,382,220.01
18610104	18609132	Legal costs	1,196,863.98	-	1,196,863.98	-	-	-	-	-	1,196,863.98
18610103	18609122	Legal cost recoveries	(1,413,413.82)	-	(1,413,413.82)	-	-	-	-	-	(1,413,413.82)
18610105	18609142	Indemnity Insurance Proceeds	(1,075,000.00)	-	(1,075,000.00)	-	-	-	-	-	(1,075,000.00)
		SUBTOTAL	1,090,584.60	85.57	1,090,670.17	-	-	-	-	-	1,090,670.17

**PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY**

GAS

sept 30, 2004

18611102	MERCER STREET Remediation costs	66,942.15	-	66,942.15				66,942.15
18612102	QUENDALL TERMINALS	-	-	-	1,000,000.00			0.00
18614102	LAKE UNION Remediation costs	2,088,177.99	185,869.00	2,284,046.99	25,000,000.00		22,715,953.01	2,284,046.99
18614202	Legal Costs	4,940.63	-	4,940.63				4,940.63
	SUBTOTAL	2,103,118.62	185,869.00	2,288,987.62	25,000,000.00		22,715,953.01	2,288,987.62
18608022	Estimated Future Costs	31,134,086.16	(134,051.56)	31,000,034.60				\$ 31,000,034.60 (f)
18608062	Insurance and Third Party Inception-to-Date Recoveries	(58,177,768.28)		(58,177,768.28)				(58,177,768.28)
	TOTAL - FORMER MANUFACTURED GAS SITES	\$ 37,817,250.86	\$ 617,873.07	\$ 38,235,123.93	\$ 44,450,000.00		(f) \$ -	\$ 38,235,123.93

GAS, UNDERGROUND STORAGE TANKS AND OTHER SITES

	Hig Bal Total Costs	Curr Cost Activity	Total Costs	Estimated Costs	Remaining Est	Accrued	Ending Asset Bal
18230204	41,748.85	-	41,748.85			41,748.85	(0.00)
18230205	40,379.09	-	40,379.09			40,379.09	(0.00)
18230206	36,597.80	-	36,597.80			36,597.80	0.00
18230207	68,825.78	44,844.98	113,670.76	250,000.00	136,329.24		113,670.76
18230208	22,430.30	-	22,430.30			22,430.30	0.00
18230210	65,737.77	-	65,737.77			62,460.90	3,286.87
18230212	87,752.19	3,793.88	91,546.07	50,000.00	50,000.00		91,546.07
18236022					186,329.24		186,329.24
18236032	362,471.78	48,638.86	411,110.64	300,000.00	111,110.64		304,932.93
	\$ 37,817,250.86	\$ 666,511.93	\$ 38,845,234.57	\$ 44,750,000.00	(g) \$ 31,130,263.84	(g) \$ 202,606.95	\$ 38,829,956.86

(a) Represents costs not included in the 2004
 (b) Represents costs of the 2004 year
 (c) Represents costs accumulated through May 31, 2004 at preliminary closing
 (d) Represents the amount of the probable future cost estimate range
 (e) Represents remediation tank estimates
 (f) Represents balance to account 18608022 after quarterly true-up
 (g) Represents balance to account 18608022 after quarterly true-up
 (h) Additional costs are expected to occur at this time.

**PUGET SOUND ENERGY
SUMMARY OF (ELECTRIC) ENVIRONMENTAL DEFERRED REMEDIATION COSTS
SEPTEMBER 30, 2004**

September 2000 - forward SAP ORDER SAP ACCOUNT	SITE DESCRIPTION	ALL REMEDIAION COSTS INCURRED?	ALL INSURANCE PROCEEDS RECEIVED?	AMORT START DATE	MONTHLY AMORT	YTD AMORT MONTHS	INCEPTION TO-DATE COSTS (a)	INC-TO-DATE INS PROCEEDS (b)	ESTIMATED FUTURE COSTS (c)	PROBABLE FUTURE INS PROCEEDS (d)	SUBTOTAL AS OF 9/30/04 (e)=(a)+(b)+(c)+(d)	AMORT THROUGH 9/30/04 (f)	BALANCE AS OF 9/30/04 (e)+(f)
18230009	18232221 18232251 Env Rem - Buckley-White River Phase II Future Est Cost Buckley Phase II - Burn Pile & Wood Debris Env Rem Cost SUBTOTAL BUCKLEY HEADWORKS MTCA SITE	N N	N N		0.00		46,405.45 46,405.45	0.00	1,453,594.55 1,453,594.55	0.00	1,453,594.55 46,405.45 1,500,000.00	0.00	1,453,594.55 46,405.45 1,500,000.00
18230022	18233081 18232281 Env Rem - Olympia SVC Capacitor Site Future Est Cost Env Rem - Olympia SVC Capacitor Site SUBTOTAL OLYMPIA SVC CAPACITOR SITE	N N	N N		0.00		391,480.20 391,480.20	0.00	50,000.00 50,000.00	0.00	50,000.00 391,480.20 441,480.20	0.00	50,000.00 391,480.20 441,480.20
18230007	18232241 Buckley Phase 1-Wood Treatment Area Env Remed Cost	Y	Y	1/1/2004	19,395.38	9	2,304,499.59	(1,140,777.03)			1,163,722.56	174,558.42	989,164.14
18230021	18232271 Env Rem - Duwamish River Site (former Georgetown)	N	N				56,800.68 (1)				56,800.68		56,800.68
18230011	18232291 18233051 18233061 18233071 Env Rem - UG Tank - Bellevue G.O. Env Rem - UG Tank - Baker Lodge Env Rem - UG Tank - Poulsbo Service Center Env Rem - UG Tank - Kent Fleet	N Y N Y	Y Y Y Y	6/1/2003	224.04	16	13,442.34		50,000.00 10,000.00		50,000.00 13,442.34 10,000.00 87,974.39	3,584.62	50,000.00 9,857.72 10,000.00 27,858.55
	SUBTOTAL REMEDIATION SITE				21,085.65	41	2,462,717.00	(1,140,777.03)	60,000.00	0.00	1,381,939.97	238,258.88	1,143,681.09
	TOTAL ACCRUED ASSETS				21,085.65		2,900,602.65	(1,140,777.03)	1,563,594.55	0.00	3,323,420.17	238,258.88	3,085,161.29
22840011	22840011 NWT - Mission Pole Def Site	N	Y					(75,000.00)			(75,000.00)		(75,000.00)
22840021	22840021 Buckley White River Phase II Def Site	N	N						(1,453,594.55)		(1,453,594.55)		(1,453,594.55)
22840031	22840031 Olympia UST Def Site	N	Y				20,528.95	(150,000.00)			(129,471.05)		(129,471.05)
22840041	22840041 Brennerton UST Def Site	N	Y				44,001.49	(50,000.00)			(5,998.51)		(5,998.51)
22840051	22840051 Whidbey Island UST Def Site	N	Y					(15,000.00)			(15,000.00)		(15,000.00)
22840061	22840061 Tenino UST Def Site	N	Y				19,232.89	(75,000.00)			(55,767.11)		(55,767.11)
22840081	22840081 Puyallup Garage expensed Site	N	Y				12,000.18	(350,000.00)			(337,999.82)		(337,999.82)
22840091	22840091 Bellevue GO UST Site	N	Y				8,365.81	(100,000.00)			(91,634.19)		(91,634.19)
22840101	22840101 Env Rem - Centralia Plant (2)	N	N						(140,000.00)		(140,000.00)		(140,000.00)
22840111	22840111 Poulsbo Service Center	N	Y						(10,000.00)		(10,000.00)		(10,000.00)
22840121	22840121 Olympia SVC Capacitor Def Site	N	Y						(50,000.00)		(50,000.00)		(50,000.00)
22841001	22841001 AETNA II Lawsuit unallocated proceeds	N/A	Y					(1,481,763.38)			(1,481,763.38)		(1,481,763.38)
	TOTAL ACCRUED LIABILITY				0.00		104,129.32	(2,296,763.38)	(1,703,594.55)	0.00	(3,896,228.61)	0.00	(3,896,228.61)
	TOTAL ACCRUED ASSETS & LIABILITIES						3,004,731.97	(3,437,540.41)	(140,000.00)	0.00	(572,808.44)	238,258.88	(811,067.32)

5312

(1,453,594.55)

(75,000.00)

(150,000.00)

(50,000.00)

(15,000.00)

(75,000.00)

(350,000.00)

(100,000.00)

(50,000.00)

(140,000.00)

(10,000.00)

(50,000.00)

(1,481,763.38)

(2,296,763.38)

(3,437,540.41)

(1) Per Steve Secrist, PSE cannot determine the range at this time as the activity on the Duwamish River Site by the primary parties has ceased to involve PSE.
(2) Cash proceeds from sale of Centralia used to set aside for future environmental remediation.

**PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY**

GAS

Sept 30, 2004

1861102	MERCER STREET	66,942.15	-	66,942.15		66,942.15
	Remediation costs					
1861202	QUENDALL TERMINALS	-	-	-	1,000,000.00	0.00
1861402	LAKE UNION	2,088,177.99	185,869.00	2,284,046.99	22,715,953.01	2,284,046.99
18614202	Remediation costs	4,940.63	-	4,940.63	25,000,000.00	4,940.63
	Legal Costs					
	SUBTOTAL	2,103,118.62	185,869.00	2,288,987.62	25,000,000.00	2,288,987.62
18608022	Estimated Future Costs	31,134,086.16	(134,051.56)	31,000,034.60	-	31,000,034.60 (f)
18608062	Insurance and Third Party Inception-to-Date Recoveries	(68,177,768.28)		(68,177,768.28)		(68,177,768.28)
	TOTAL - FORMER MANUFACTURED GAS SITES	\$ 37,617,250.86	\$ 617,873.07	\$ 38,235,123.93	\$ 44,450,000.00	\$ 38,235,123.93

GAS, UNDERGROUND STORAGE TANKS AND OTHER SITES

	High Bal. Total Costs	Curr. Cost Activity	Total Costs	Estimated Costs	Remaining Est.	Accum. Depr.	Ending Asset Bal.
18230204	41,748.85	-	41,748.85			41,748.85	(0.00)
18230203	40,379.09	-	40,379.09			40,379.09	(0.00)
18230212	35,597.80	-	35,597.80			35,597.80	0.00
18230206	68,825.78	44,844.98	113,670.76	250,000.00	136,329.24	113,670.76	113,670.76
18230207	22,430.30	-	22,430.30			22,430.30	0.00
18230208	65,737.77	-	65,737.77			62,460.90	3,286.87
18230210				50,000.00	50,000.00		
18230212	87,752.19	3,793.88	91,546.07				91,546.07
18236022					186,329.24		186,329.24
18236032	382,471.78	48,638.86	431,110.64	300,000.00	131,110.64	202,006.95	384,832.93
	\$ 37,879,722.64	\$ 686,511.93	\$ 38,566,234.57	\$ 44,750,000.00	\$ 31,788,263.84	\$ 202,006.95	\$ 38,620,956.86

ESTIMATED FUTURE COSTS

ESTIMATED FUTURE INSURANCE RECOVERIES

TOTAL - GAS UNDERGROUND STORAGE TANKS

TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES

(a) Represents the 1995-2004 period through May 31, 2004

(b) Represents month of May 2004 data

(c) Represents costs accumulated through May 31, 2004 at estimate pricing

(d) Represents the low end of the probable future cost estimate range

(e) Represents estimated cost estimate

(f) Represents balance in Account 1860822 after quarterly true-up

(g) Represents balance in Account 1860802 after quarterly true-up

(h) Additional costs are expected to occur during the year of this time

(i) Represents the 1995-2004 period through May 31, 2004