



Puget Sound Energy
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October 12, 2012

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

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PERSONNEL MANAGEMENT
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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Mr. Danner:

Subject: Environmental Report for the quarter ending September 30, 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
Mike Stranik
Durga Doraisamy
Tom DeBoer
Lorna Luebbe
Della Cheung
John Story
Susan Free
John Chao
Jeff Thomas
David Brenner

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric

September 2000 - forward SAP Order	September 30, 2012 SAP Account	Site Description	Account Balance		Quarterly Activity		SAP Account Balance		Actual Costs Through 9/30/2012		Future Cost Estimates		Total Cost Estimates		Recoveries Through 9/30/2012 (g)
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)							
18230009	18232221	Env Rem - White 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	0.00	0.00	250,000.00	E5	250,000.00	0.00	0.00	
	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,036,440.68	0.00	2,036,440.68	2,036,440.68	2,036,440.68	0.00	2,036,440.68	0.00		2,036,440.68	0.00	0.00	
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,286,440.68	0.00	2,286,440.68	2,036,440.68	2,286,440.68	0.00	2,286,440.68	0.00		2,286,440.68	0.00	0.00	
18230021	18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,156.13	0.00	120,156.13	0.00	120,156.13	0.00	0.00	120,156.13		120,156.13	0.00	0.00	
	18232271	Env Rem - Lower Duwamish Waterway	79,843.87	0.00	79,843.87	79,843.87	79,843.87	0.00	79,843.87	0.00		79,843.87	0.00	0.00	
		Subtotal Lower Duwamish Waterway Site	200,000.00	0.00	200,000.00	79,843.87	200,000.00	0.00	200,000.00	0.00		200,000.00	0.00	0.00	
18230031	18230311	Env Rem - Whidbey Service Center UST (Future Cost Est.)	15,000.00	0.00	15,000.00	0.00	15,000.00	0.00	0.00	15,000.00	E10	15,000.00	0.00	0.00	
18230032	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	60,823.64	(7,561.55)	53,262.09	0.00	53,262.09	0.00	0.00	53,262.09		53,262.09	0.00	0.00	
18230041	18233091	Env Rem - Tenino Service Center UST	189,176.36	7,561.55	196,737.91	196,737.91	196,737.91	0.00	196,737.91	0.00		196,737.91	0.00	0.00	
		Subtotal Tenino Service Center UST	250,000.00	0.00	250,000.00	196,737.91	250,000.00	0.00	250,000.00	0.00		250,000.00	0.00	0.00	
18233061	18233061	Env Rem - Poulsbo Service Center UST (Future Cost Est.)	10,000.00	0.00	10,000.00	0.00	10,000.00	0.00	0.00	10,000.00		10,000.00	0.00	0.00	
		Env Rem - Poulsbo Service Center UST	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
		Subtotal Poulsbo Service Center UST	10,000.00	0.00	10,000.00	0.00	10,000.00	0.00	10,000.00	0.00		10,000.00	0.00	0.00	
		Subtotal 182.3	2,761,440.68	0.00	2,761,440.68	2,313,022.46	2,761,440.68	448,418.22	2,761,440.68	0.00		2,761,440.68	0.00	0.00	
18608011	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	395,361.70	(32,661.04)	362,700.66	0.00	362,700.66	0.00	0.00	362,700.66		362,700.66	0.00	0.00	
18601120	18608001	Env Rem - Lower Baker Power Plant	304,638.30	32,661.04	337,299.34	337,299.34	337,299.34	0.00	337,299.34	0.00		337,299.34	0.00	0.00	
		Subtotal Lower Baker Power Plant Site	700,000.00	0.00	700,000.00	337,299.34	700,000.00	0.00	362,700.66	E6		700,000.00	0.00	0.00	
18601121	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	876,512.32	0.00	876,512.32	0.00	876,512.32	0.00	0.00	876,512.32		876,512.32	0.00	0.00	
18608021	18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	1,873,487.68	0.00	1,873,487.68	1,873,487.68	1,873,487.68	0.00	1,873,487.68	0.00		1,873,487.68	0.00	0.00	
		Subtotal Snoqualmie Hydro Generation Site	2,750,000.00	0.00	2,750,000.00	1,873,487.68	2,750,000.00	0.00	1,873,487.68	E6		2,750,000.00	0.00	0.00	
18601122	18608051	Env Rem - Bellingham South State Street MGP (former Blvd Park) (Future Cost Est.)	911,869.39	(84,723.76)	827,165.63	0.00	827,165.63	0.00	0.00	827,165.63		827,165.63	0.00	0.00	
	18608041	Env Rem - Bellingham South State Street MGP (former Blvd Park)	1,588,110.61	84,723.76	1,672,834.37	1,672,834.37	1,672,834.37	0.00	1,672,834.37	0.00		1,672,834.37	0.00	0.00	
		Subtotal Bellingham South State Street MGP (former Blvd Park) Site	2,500,000.00	0.00	2,500,000.00	1,672,834.37	2,500,000.00	0.00	827,165.63	E6		2,500,000.00	0.00	0.00	
18601125	18608111	Env Rem - Electron Flume (Future Cost Est.)	175,227.94	0.00	175,227.94	0.00	175,227.94	0.00	0.00	175,227.94		175,227.94	0.00	0.00	
	18608081	Env Rem - Electron Flume	624,772.06	0.00	624,772.06	624,772.06	624,772.06	0.00	624,772.06	0.00		624,772.06	0.00	0.00	
		Subtotal Electron Flume Site	800,000.00	0.00	800,000.00	624,772.06	800,000.00	0.00	175,227.94	E7		800,000.00	0.00	0.00	
18608151	18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	125,120.24	0.00	125,120.24	0.00	125,120.24	0.00	0.00	125,120.24		125,120.24	0.00	0.00	
18608141	18608141	Env Rem - Talbot Hill Substation and Switchyard	224,879.76	0.00	224,879.76	224,879.76	224,879.76	0.00	224,879.76	0.00		224,879.76	0.00	0.00	
		Subtotal Talbot Hill Substation & Switchyard Site	350,000.00	0.00	350,000.00	224,879.76	350,000.00	0.00	224,879.76	E7		350,000.00	0.00	0.00	
18608161	18608161	Env Rem - Everett Asarco (Future Cost Est.)	91,862.07	0.00	91,862.07	0.00	91,862.07	0.00	0.00	91,862.07		91,862.07	0.00	0.00	
18608171	18608171	Env Rem - Everett Asarco	83,137.93	0.00	83,137.93	83,137.93	83,137.93	0.00	83,137.93	0.00		83,137.93	0.00	0.00	
		Subtotal Everett Asarco Site	175,000.00	0.00	175,000.00	83,137.93	175,000.00	0.00	91,862.07	E8		175,000.00	0.00	0.00	
18608181	18608181	Env Rem - Sammamish Substation (Future Cost Est.)	32,504.53	0.00	32,504.53	0.00	32,504.53	0.00	0.00	32,504.53		32,504.53	0.00	0.00	
18608191	18608191	Env Rem - Sammamish Substation	400,495.47	0.00	400,495.47	400,495.47	400,495.47	0.00	400,495.47	0.00		400,495.47	0.00	0.00	
		Subtotal Sammamish Substation Site	433,000.00	0.00	433,000.00	400,495.47	433,000.00	0.00	32,504.53	E8		433,000.00	0.00	0.00	
18608201	18608201	Env Rem - Pt. Robinson Cable Station (Future Cost Est.)	64,221.52	(697.55)	63,523.97	0.00	63,523.97	0.00	0.00	63,523.97		63,523.97	0.00	0.00	
18608211	18608211	Env Rem - Pt. Robinson Cable Station	110,778.48	697.55	111,476.03	111,476.03	111,476.03	0.00	111,476.03	0.00		111,476.03	0.00	0.00	
		Subtotal Pt. Robinson Cable Station	175,000.00	0.00	175,000.00	111,476.03	175,000.00	0.00	63,523.97	E8		175,000.00	0.00	0.00	
18608221	18608221	Env Rem - City of Olympia v PSE (Future Cost Est.)	60,000.00	(695.75)	59,304.25	0.00	59,304.25	0.00	0.00	59,304.25		59,304.25	0.00	0.00	
18608231	18608231	Env Rem - City of Olympia v PSE	0.00	695.75	695.75	695.75	695.75	0.00	695.75	0.00		695.75	0.00	0.00	
		Subtotal City of Olympia v PSE	60,000.00	0.00	60,000.00	695.75	60,000.00	0.00	59,304.25	E9		60,000.00	0.00	0.00	
18608241	18608241	Env Rem - Whitehorn UST Remediation (Future Cost Est.)	60,000.00	0.00	60,000.00	0.00	60,000.00	0.00	0.00	60,000.00		60,000.00	0.00	0.00	
18608251	18608251	Env Rem - Whitehorn UST Remediation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	
		Subtotal Whitehorn UST	60,000.00	0.00	60,000.00	0.00	60,000.00	0.00	0.00	E10		60,000.00	0.00	0.00	
		Subtotal 186	8,003,000.00	0.00	8,003,000.00	5,329,078.39	8,003,000.00	2,673,521.61	5,329,078.39	0.00		8,003,000.00	0.00	0.00	
		Total Asset	10,764,440.68	0.00	10,764,440.68	7,642,100.85	10,764,440.68	3,122,339.83	7,642,100.85	0.00		10,764,440.68	0.00	0.00	

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric

September 2000 - forward SAP Order	SAP Account	Site Description	September 30, 2012		Quarterly Activity	SAP Account Balance 9/30/2012	Actual Costs Through 9/30/2012	Future Cost Estimates	Total Cost Estimates	Recoveries Through 9/30/2012
			Account Balance 6/30/2012	9/30/2012						
22840081	22840081	Env Rem - Puyallup Garage Site	(453,028.42)	(453,028.42)	0.00	(453,028.42)	14,971.58	453,028.42	468,000.00 (B)	(350,000.00)
22840131	22840131	Env Rem - Crystal Mountain Generator Station Site	(500,000.00)	(500,000.00)	0.00	(500,000.00)	14,583,472.68	500,000.00 (A)	15,083,472.68 (B)	(11,938,563.00)
22840031	22840031	Env Rem - Olympia Service Center UST	(129,471.05)	(129,471.05)	0.00	(129,471.05)	20,528.95	129,471.05	150,000.00 (B)	(150,000.00)
22841001	22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,542,513.91) C	(4,544,794.38)	(2,280.47)	(4,544,794.38)	0.00	0.00	0.00	(4,544,794.38)
Total Liabilities			(5,625,013.38)	(5,627,293.85)	(2,280.47)	(5,627,293.85)	14,618,973.21	1,082,499.47	15,701,472.68	(16,983,357.38)
Grand Total			5,139,427.30	5,137,146.83	(2,280.47)	5,137,146.83	22,251,074.06	4,204,839.30	26,465,913.36	(16,983,357.38)

Footnotes:

A The total estimated costs for the Crystal Mountain 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.
 B Represents allocated proceeds from the insurance recoveries.

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated Sept 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 Groundwater Monitoring B. Soil Excavation	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.