



Puget Sound Energy
P.O. Box 97034
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PSE.com

April 16, 2013

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

RECEIVED
REGULATORY MANAGEMENT
2013 APR 19 AM 9:03
STATE OF WASHINGTON
UTIL. AND TRN. COM. STAFF

Dear Mr. Danner:

Subject: Environmental Report for the quarter ending March 31, 2013

- 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
March 31, 2013

September 2000 - forward SAP Order	September 2000 - forward SAP Account	Site Description	Account Balance 12/31/2012 (a)	Quarterly Activity (b)	SAP Account Balance 3/31/2013 (c) = (a) + (b)	Actual Costs Through 3/31/2013 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 3/31/2013 (g)	
18232221	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	ES	250,000.00	0.00
18232251	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,136,744.39	4,244.00	2,140,988.39	2,140,988.39	0.00	2,140,988.39	0.00	0.00
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,386,744.39	4,244.00	2,390,988.39	2,140,988.39	250,000.00	2,390,988.39	0.00	0.00
18232261	18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,156.13	0.00	120,156.13	0.00	120,156.13	E5	120,156.13	0.00
18232271	18232271	Env Rem - Lower Duwamish Waterway	79,843.87	0.00	79,843.87	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	120,156.13	200,000.00	0.00	0.00
18230311	18230311	Env Rem - Whidbey Service Center UST (Future Cost Est.)	15,000.00	0.00	15,000.00	0.00	15,000.00	E10	15,000.00	0.00
18230321	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	51,907.84	0.00	51,907.84	0.00	51,907.84	E8	51,907.84	0.00
18233091	18233091	Env Rem - Tenino Service Center UST	198,092.16	0.00	198,092.16	198,092.16	0.00	198,092.16	0.00	0.00
		Subtotal Tenino Service Center UST	250,000.00	0.00	250,000.00	198,092.16	51,907.84	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	E10	10,000.00	0.00
18233071	18233071	Env Rem - Poulsbo Service Center UST	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	10,000.00	0.00	0.00
		Subtotal 182.3	2,861,744.39	4,244.00	2,865,988.39	2,418,924.42	447,063.97	2,865,988.39	0.00	0.00
18608011	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	341,820.65	(4,452.15)	337,368.50	337,368.50	0.00	337,368.50	0.00	0.00
18608001	18608001	Env Rem - Lower Baker Power Plant	366,179.35	4,452.15	362,631.50	362,631.50	0.00	362,631.50	0.00	0.00
		Subtotal Lower Baker Power Plant Site	700,000.00	0.00	700,000.00	362,631.50	337,368.50	700,000.00	0.00	0.00
18608031	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) (Future Cost Est.)	876,512.32	(176,325.00)	700,187.32	700,187.32	0.00	700,187.32	0.00	0.00
18608021	18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	1,873,487.68	176,325.00	2,049,812.68	2,049,812.68	0.00	2,049,812.68	0.00	0.00
		Subtotal Snoqualmie Hydro Generation Site	2,750,000.00	0.00	2,750,000.00	2,049,812.68	700,187.32	2,750,000.00	0.00	0.00
18608051	18608051	Env Rem - Bellingham South State Street MGP (former Blvd Park) (Future Cost Est.)	769,885.02	(47,589.23)	722,295.79	722,295.79	0.00	722,295.79	0.00	0.00
18608041	18608041	Env Rem - Bellingham South State Street MGP (former Blvd Park)	1,730,114.98	47,589.23	1,777,674.21	1,777,674.21	0.00	1,777,674.21	0.00	0.00
		Subtotal Bellingham South State Street MGP (former Blvd Park) Site	2,500,000.00	0.00	2,500,000.00	1,777,674.21	722,295.79	2,500,000.00	0.00	0.00
18608111	18608111	Env Rem - Electron Flume (Future Cost Est.)	159,067.42	(3,376.94)	155,690.48	155,690.48	0.00	155,690.48	0.00	0.00
18608081	18608081	Env Rem - Electron Flume	640,932.58	3,376.94	644,309.52	644,309.52	0.00	644,309.52	0.00	0.00
		Subtotal Electron Flume Site	800,000.00	0.00	800,000.00	644,309.52	155,690.48	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	125,120.24	0.00	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	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	125,120.24	350,000.00	0.00	0.00
18608171	18608171	Env Rem - Everett Asarco	225,387.93	(12,799.25)	212,588.68	212,588.68	0.00	212,588.68	0.00	0.00
		Subtotal Everett Asarco Site	225,387.93	(12,799.25)	212,588.68	212,588.68	0.00	212,588.68	0.00	0.00
18608181	18608181	Env Rem - Sammamish Substation (Future Cost Est.)	32,504.53	0.00	32,504.53	32,504.53	0.00	32,504.53	0.00	0.00
18608191	18608191	Env Rem - Sammamish Substation	400,495.47	0.00	400,495.47	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	32,504.53	433,000.00	0.00	0.00
18608201	18608201	Env Rem - Pt. Robinson Cable Station (Future Cost Est.)	63,119.77	(63,119.77)	0.00 (C)	0.00	0.00	0.00	0.00	0.00
18608211	18608211	Env Rem - Pt. Robinson Cable Station	111,880.23	0.00	111,880.23	111,880.23	0.00	111,880.23	0.00	0.00
		Subtotal Pt. Robinson Cable Station	175,000.00	(63,119.77)	111,880.23	111,880.23	0.00	111,880.23	0.00	0.00
18608221	18608221	Env Rem - City of Olympia v PSE (Future Cost Est.)	59,304.25	(601.25)	58,703.00	58,703.00	0.00	58,703.00	0.00	0.00
18608231	18608231	Env Rem - City of Olympia v PSE	665.75	601.25	1,267.00	1,267.00	0.00	1,267.00	0.00	0.00
		Subtotal City of Olympia v PSE	60,000.00	0.00	60,000.00	1,267.00	58,703.00	60,000.00	0.00	0.00
18608241	18608241	Env Rem - Whitehorn UST Remediation (Future Cost Est.)	80,000.00	0.00	80,000.00	0.00	80,000.00	E8	80,000.00	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
		Subtotal Whitehorn UST	80,000.00	0.00	80,000.00	0.00	80,000.00	80,000.00	0.00	0.00
		Subtotal 186	8,073,387.93	(75,919.02)	7,997,468.91	5,785,569.05	2,211,899.86	7,997,468.91	0.00	0.00
		Total Asset	10,935,132.32	(71,875.02)	10,863,257.30	8,204,493.47	2,658,763.83	10,863,257.30	0.00	0.00
22840081	22840081	Env Rem - Puyallup Garage Site	(463,028.42)	0.00	(463,028.42)	14,971.58	453,028.42	E7	468,000.00 (B)	(350,000.00)
22840131	22840131	Env Rem - Crystal Mountain Generator Station Site	(500,000.00)	0.00	(500,000.00)	14,583,472.68	500,000.00	(A)	15,083,472.68 (B)	(11,938,583.00)
22840031	22840031	Env Rem - Olympia Service Center UST	(129,471.05)	0.00	(129,471.05)	20,528.95	129,471.05	E10	150,000.00 (B)	(150,000.00)
22841001	22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,684,134.08)	100,000.00	(4,584,134.08)	0.00	0.00	0.00	0.00	(4,584,134.08)
		Total Liabilities	(5,746,633.55)	100,000.00	(5,646,633.55)	14,618,973.21	1,082,499.47	15,701,472.68	(17,002,697.08)	(17,002,697.08)
		Grand Total	5,188,498.77	28,324.98	5,216,823.75	22,823,466.68	3,741,463.30	26,564,925.98	(17,002,697.08)	(17,002,697.08)

Footnotes:
(A) The total estimated costs for the Crystal Mountain Site of \$15,083,472.68 include PSE Insurance Recoveries of \$11,938,583.00 and Expensed amount of \$2,644,909.68 through report date.
(B) Represents allocated proceeds from the insurance recoveries.
(C) PSE considers this site closed. There is no known contamination remaining at the site.

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Gas
March 31, 2013

September 1998 - forward SAP Order	SAP Account	Site Description	SAP Account Balance 12/31/2012 (a)	Quarterly Activity (b)	Account Balance 3/31/2013 (c) = (a) + (b)	Actual Costs Through 3/31/2013 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 3/31/2013 (g)
FORMER MANUFACTURED GAS SITES:									
	18609572	Tacoma Gas Company (Uplosed Source Control) (Future Cost Est.)	724,913.20	0.00	724,913.20	-	724,913.20	724,913.20	-
	18608612	Tacoma Gas Company (Uplosed Source Control) (Remediation Costs)	775,086.80	0.00	775,086.80	775,086.80	-	775,086.80	-
		Subtotal Tacoma Gas Company	1,500,000.00	-	1,500,000.00	775,086.80	724,913.20	1,500,000.00	-
	18609582	Thea Foss Waterway (Future Cost Est.)	5,946,180.62	0.00	5,946,180.62	-	5,946,180.62	5,946,180.62	-
	18608712	Thea Foss Waterway (Remediation Costs)	4,053,819.38	0.00	4,053,819.38	4,053,819.38	-	4,053,819.38	-
	18608742	Thea Foss Waterway (Legal Costs)	4,499,203.59	-	4,499,203.59	4,499,203.59	-	4,499,203.59	-
		Subtotal Thea Foss Waterway	14,499,203.59	-	14,499,203.59	8,553,022.37	5,946,180.62	14,499,203.59	-
	18609592	Everett Washington (Future Cost Est.)	3,072,516.52	(1,080.31)	3,071,436.21	-	3,071,436.21	3,071,436.21	-
	18608212	Everett Washington (Remediation Costs)	1,428,563.48	1,080.31	1,428,563.79	1,428,563.79	-	1,428,563.79	-
		Subtotal Everett Washington	4,500,000.00	0.00	4,500,000.00	1,428,563.79	3,071,436.21	4,500,000.00	-
	18609602	Chehalis Washington (Future Cost Est.)	340,021.82	(16,947.40)	323,074.42	-	323,074.42	323,074.42	-
	18608312	Chehalis Washington (Remediation Costs)	3,909,978.18	16,947.40	3,926,925.58	3,926,925.58	-	3,926,925.58	-
		Subtotal Chehalis Washington	4,250,000.00	-	4,250,000.00	3,926,925.58	323,074.42	4,250,000.00	-
	18609612	Pre Nov 2012 Gas Works Park (Future Cost Est.)	1,348,618.26	(1,348,618.26)	-	-	-	-	-
	18609632	Pre Nov 2012 Lake Union Sediments (Future Cost Est.)	22,392,327.97	(22,392,327.97)	-	-	-	-	-
	18609422	Gas Works Park (Future Cost Est.)	23,326,097.06	617,366.49	23,326,097.06	617,366.49	-	23,326,097.06	-
	18606302	Post - Nov 2012 Gas Works Park (Remediation Costs)	-	617,366.49	617,366.49	617,366.49	-	617,366.49	-
	18604102	Pre - Nov 2012 Gas Works Park (Remediation Costs)	2,651,381.74	0.00	2,651,381.74	2,651,381.74	-	2,651,381.74	-
	18609312	Pre - Nov 2012 Lake Union Sediments (Remediation Costs)	12,405,154.71	(202,517.32)	12,405,154.71	12,405,154.71	-	12,405,154.71	-
		Subtotal Gas Works Park & Lake Union	39,000,000.00	(0.00)	39,000,000.00	15,673,902.94	23,326,097.06	39,000,000.00	-
	18609622	Quendall Terminal (Future Cost Est.)	1,000,000.00	0.00	1,000,000.00	-	1,000,000.00	1,000,000.00	-
	18609512	Quendall Terminal (Remediation Costs)	1,000,000.00	0.00	1,000,000.00	-	1,000,000.00	1,000,000.00	-
		Subtotal Quendall Terminal	2,000,000.00	-	2,000,000.00	-	2,000,000.00	2,000,000.00	-
	18609642	Tacoma Tar Pits (Future Cost Est.)	491,027.02	(34,252.23)	456,774.79	-	456,774.79	456,774.79	-
	18608112	Post-June 1999 Tacoma Tar Pits (Remediation Costs)	3,508,972.98	34,252.23	3,543,225.21	3,543,225.21	-	3,543,225.21	-
	18608112	Pre-June 1999 Tacoma Tar Pits (Remediation Costs)	34,826,945.69	-	34,826,945.69	34,826,945.69	-	34,826,945.69	-
		Subtotal Tacoma Tar Pits	38,826,945.69	-	38,826,945.69	38,370,170.90	456,774.79	38,826,945.69	-
	18609652	Bay Station (Future Cost Est.)	1,270,590.59	0.00	1,270,590.59	-	1,270,590.59	1,270,590.59	-
	18609532	Bay Station (Remediation Costs)	229,409.41	0.00	229,409.41	229,409.41	-	229,409.41	-
		Subtotal Bay Station	1,500,000.00	-	1,500,000.00	229,409.41	1,270,590.59	1,500,000.00	-
	18609662	Olympia Columbia Street MGP (Future Cost Est.)	519,604.01	108,174.22	627,778.23	-	627,778.23	627,778.23	-
	18609542	Olympia Columbia Street MGP (Remediation Costs)	1,230,395.99	(108,174.22)	1,122,221.77	1,122,221.77	-	1,122,221.77	-
		Subtotal Olympia Columbia Street MGP	1,750,000.00	-	1,750,000.00	1,122,221.77	627,778.23	1,750,000.00	-
	18609672	Verbeek Autowrecking (Future Cost Est.)	265,050.00	0.00	265,050.00	-	265,050.00	265,050.00	-
	18608752	Verbeek Autowrecking (Remediation Costs)	2,049,542.67	0.00	2,049,542.67	2,049,542.67	-	2,049,542.67	-
		Subtotal Verbeek Autowrecking	1,200,000.00	-	1,200,000.00	934,950.00	265,050.00	1,200,000.00	-
	18609692	Unallocated Insurance and Third Party Recoveries	-	-	-	-	-	-	-
		TOTAL - MANUFACTURED GAS SITES	\$ 108,026,749.28	\$ (0.00)	\$ 108,026,749.28	\$ 71,074,254.16	\$ 37,071,895.12	\$ 108,026,749.28	\$ (53,384,196.59)
GAS UNDERGROUND STORAGE TANKS AND OTHER SITES									
	18609412	UW TACOMA BRANCH CAMPUS	-	-	-	-	70,678.80	70,678.80	-
	18609682	SWARR STATION (Future Cost Est.)	779,321.20	-	779,321.20	279,321.20	-	279,321.20	-
	18609692	NORTH OPERATING BASE (Future Cost Est.)	50,000.00	-	50,000.00	-	50,000.00	50,000.00	-
	18237122	(A) SOUTH SEATTLE GATE STATION	169,602.13	-	169,602.13	-	-	169,602.13	-
	18237132	(A) NORTH TACOMA GATE STATION	133,750.43	-	133,750.43	-	-	133,750.43	-
	18237142	(A) NORTH SEATTLE GATE STATION	53,995.63	-	53,995.63	-	-	53,995.63	-
	18237152	(A) COVINGTON GATE STATION	67,987.45	-	67,987.45	-	-	67,987.45	-
		TOTAL - GAS UNDERGROUND STORAGE TANKS	\$ 825,335.64	\$ -	\$ 825,335.64	\$ 704,556.84	\$ 120,678.80	\$ 825,335.64	\$ -
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 108,851,484.92	\$ (0.00)	\$ 108,851,484.92	\$ 71,778,809.00	\$ 37,192,573.92	\$ 108,851,484.92	\$ (53,384,196.59)

Footnotes:
(A) Represents sites where no additional remedial actions are planned. Currently anticipating entering into insurance recoveries discussion in 2014.
(B) Order 18607203 was re-opened in the 3rd Qtr of 2010 for posting legal cost related to THEA FOSS WATERWAY.
(C) The settlement, release and cost allocation agreement is made and entered into as of November 1, 2012 between the City of Seattle and PSE, for remediation of the combined Gas Works Park Uplands and North Lake Union Sediments and allocation of the related shared remedial costs.

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated March 2013)

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. Groundwater monitoring completed in 2012. Well abandonment to be completed in the future. B. Remedial excavation completed in Q4 2009.	A. 5,000 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 false start USTs discovered. Contaminated soil and groundwater is present.	A. Site Characterization and Groundwater Monitoring B. Three false start tanks removed and one decommissioned in-place in 2012. Accessible contaminated soil was removed. Contaminated soil remains adjacent to buildings at two locations. Soil excavation to be completed if buildings are removed in the future.	A. 40,000 B. 80,000

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
Kititas 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) **\$125,000**
 B. Remediation Only (No Monitoring) **\$305,000**
 A. & B. Groundwater Monitoring Followed by Remediation **\$430,000**

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.