



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

July 12, 2013

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

STATE OF WASHINGTON
UTILITY AND TRANSPORTATION
COMMISSION
2013 JUL 16 AM 9:06
RECEIVED
GENERAL MANAGER

Dear Mr. Danner:

Subject: Environmental Report for the quarter ending June 30, 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

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
June 30, 2013

September 2000 - forward SAP Order	SAP Account	Site Description	SAP Account Balance 3/31/2013 (a)	Quarterly Activity (b)	SAP Account Balance 6/30/2013 (c) = (a) + (b)	Actual Costs Through 6/30/2013 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 6/30/2013 (g)
18230009	18232221	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.)	250,000.00	300,000.00	550,000.00	0.00	550,000.00	550,000.00	0.00
	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,140,988.39	0.00	2,140,988.39	2,140,988.39	0.00	2,140,988.39	0.00
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,390,988.39	300,000.00	2,690,988.39	2,140,988.39	550,000.00	2,690,988.39	0.00
18230021	18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,156.13	(156.13)	120,000.00	0.00	120,000.00	120,000.00	0.00
	18232271	Env Rem - Lower Duwamish Waterway	79,843.87	0.00	79,843.87	79,843.87	0.00	79,843.87	0.00
		Subtotal Lower Duwamish Waterway Site	200,000.00	(156.13)	199,843.87	79,843.87	120,000.00	199,843.87	0.00
		Env Rem - Whidbey Service Center UST (Future Cost Est.)	15,000.00	0.00	15,000.00	0.00	15,000.00	15,000.00	0.00
18230041	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	51,907.84	(1,907.84)	50,000.00	0.00	50,000.00	50,000.00	0.00
	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
		Subtotal Tenino Service Center UST	250,000.00	(1,907.84)	248,092.16	198,092.16	50,000.00	248,092.16	0.00
		Env Rem - Poulsbo Service Center UST (Future Cost Est.)	10,000.00	0.00	10,000.00	0.00	10,000.00	10,000.00	0.00
		Env Rem - Poulsbo Service Center UST	10,000.00	0.00	10,000.00	0.00	10,000.00	10,000.00	0.00
		Subtotal Poulsbo Service Center UST	20,000.00	0.00	20,000.00	0.00	20,000.00	20,000.00	0.00
		Subtotal 182.3	2,865,988.39	297,936.03	3,163,924.42	2,418,924.42	745,000.00	3,163,924.42	0.00
18601120	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	337,368.50	(37,368.50)	300,000.00	0.00	300,000.00	300,000.00	0.00
	18608001	Env Rem - Lower Baker Power Plant	362,631.50	4,042.83	366,674.33	366,674.33	0.00	366,674.33	0.00
		Subtotal Lower Baker Power Plant Site	700,000.00	(33,325.67)	666,674.33	366,674.33	300,000.00	666,674.33	0.00
18601121	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	700,187.32	(200,187.32)	500,000.00	0.00	500,000.00	500,000.00	0.00
	18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	2,042,812.68	192,438.24	2,242,250.92	2,242,250.92	0.00	2,242,250.92	0.00
		Subtotal Snoqualmie Hydro Generation Site	2,750,000.00	(7,748.08)	2,742,250.92	2,242,250.92	500,000.00	2,742,250.92	0.00
18601122	18608051	Env Rem - Bellingham South State Street MGP (former Blvd Park) (Future Cost Est.)	722,325.79	927,674.21	1,650,000.00	0.00	1,650,000.00	1,650,000.00	0.00
	18608041	Env Rem - Bellingham South State Street MGP (former Blvd Park)	1,777,674.21	70,480.30	1,848,154.51	1,848,154.51	0.00	1,848,154.51	0.00
		Subtotal Bellingham South State Street MGP (former Blvd Park) Site	2,500,000.00	998,154.51	3,498,154.51	1,848,154.51	1,650,000.00	3,498,154.51	0.00
18601125	18608111	Env Rem - Electron Flume (Future Cost Est.)	155,690.48	94,309.52	250,000.00	0.00	250,000.00	250,000.00	0.00
	18608081	Env Rem - Electron Flume	644,309.52	15,345.07	659,654.59	659,654.59	0.00	659,654.59	0.00
		Subtotal Electron Flume Site	800,000.00	109,654.59	909,654.59	659,654.59	250,000.00	909,654.59	0.00
18601128	18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	125,120.24	(50,120.24)	75,000.00	0.00	75,000.00	75,000.00	0.00
	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
		Subtotal Talbot Hill Substation & Switchyard Site	350,000.00	(50,120.24)	299,879.76	224,879.76	75,000.00	299,879.76	0.00
18601129	18608171	Env Rem - Everett Asarco Site	212,588.68	0.00	212,588.68	212,588.68	0.00	212,588.68	0.00
		Subtotal Everett Asarco Site	212,588.68	0.00	212,588.68	212,588.68	0.00	212,588.68	0.00
18601130	18608221	Env Rem - Sammamish Substation (Future Cost Est.)	32,504.53	17,495.47	50,000.00	0.00	50,000.00	50,000.00	0.00
	18608191	Env Rem - Sammamish Substation	400,495.47	0.00	400,495.47	400,495.47	0.00	400,495.47	0.00
		Subtotal Sammamish Substation Site	433,000.00	17,495.47	450,495.47	400,495.47	50,000.00	450,495.47	0.00
18601151	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
		Subtotal Pt. Robinson Cable Station	111,880.23	0.00	111,880.23	111,880.23	0.00	111,880.23	0.00
18601161	18608221	Env Rem - City of Olympia v PSE (Future Cost Est.)	58,703.00	91,297.00	150,000.00	0.00	150,000.00	150,000.00	0.00
	18608231	Env Rem - City of Olympia v PSE	1,297.00	358.71	1,655.71	1,655.71	0.00	1,655.71	0.00
		Subtotal City of Olympia v PSE	60,000.00	91,655.71	151,655.71	1,655.71	150,000.00	151,655.71	0.00
18601171	18608241	Env Rem - Whitehorn US I Remediation (Future Cost Est.)	80,000.00	0.00	80,000.00	0.00	80,000.00	80,000.00	0.00
	18608251	Env Rem - Whitehorn UST Remediation	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
		Subtotal 186	7,997,468.91	1,125,765.29	9,123,234.20	6,068,234.20	3,055,000.00	9,123,234.20	0.00
		Total Asset	10,863,457.30	1,423,701.32	12,287,158.62	8,487,158.62	3,800,000.00	12,287,158.62	0.00

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
June 30, 2013

September 2000 - forward SAP Order SAP Account	Site Description	SAP Account Balance 3/31/2013 (a)	Quarterly Activity (b)	SAP Account Balance 6/30/2013 (c) = (a) + (b)	Actual Costs Through 6/30/2013 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 6/30/2013 (g)
22840081	Env Rem - Puyallup Garage Site	(453,028.42)	0.00	(453,028.42)	14,971.58	453,028.42	E7 468,000.00	(350,000.00)
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	(11,938,563.00)
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	(150,000.00)
22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,564,134.08)	0.00	(4,564,134.08)	0.00	0.00	0.00	(4,564,134.08)
	Total Liabilities	(5,646,633.55)	0.00	(5,646,633.55)	14,618,973.21	1,082,499.47	15,701,472.68	(17,002,697.08)
	Grand Total	5,216,823.75	1,423,701.32	6,640,525.07	23,106,131.83	4,882,499.47	27,988,631.30	(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 \$11,938,563. 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, INC.
Deferred Environmental Cost Summary Gas
June 30, 2013

September 1998 - forward SAP Order	SAP Account	Site Description	(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g)
			SAP Account Balance 3/31/2013	Quarterly Activity	SAP Account Balance 6/30/2013	Actual Costs Through 6/30/2013	Future Cost Estimates	Total Cost Estimates	Recoveries Through 6/30/2013
FORMER MANUFACTURED GAS SITES:									
18606102	18609572 18608612	Tacoma Gas Company (Upload Source Control) (Future Cost Est.) Tacoma Gas Company (Upload Source Control) (Remediation Costs) Subtotal Tacoma Gas Company	724,913.20 775,086.80 1,500,000.00	86.80 0.00 86.80	725,000.00 775,086.80 1,500,086.80	775,086.80 775,086.80	725,000.00 725,000.00	725,000.00 E1 775,086.80 1,500,086.80	- - -
18607102 18607203	18609582 18608712 18608742	Thea Foss Waterway (Future Cost Est.) Thea Foss Waterway (Remediation Costs) Thea Foss Waterway (Legal Costs) Subtotal Thea Foss Waterway	5,946,180.62 4,053,819.38 4,499,203.59 14,499,203.59	(4,448,180.62) 3,650.77 - (4,442,529.85)	1,500,000.00 4,057,470.15 4,499,203.59 10,056,673.74	- 4,057,470.15 4,499,203.59 8,556,673.74	1,500,000.00 E2 - - 1,500,000.00	1,500,000.00 4,057,470.15 4,499,203.59 10,056,673.74	- - - -
18602102	18609592 18608212	Everett Washington (Future Cost Est.) Everett Washington (Remediation Costs) Subtotal Everett Washington	3,071,436.21 1,428,563.79 4,500,000.00	(71,436.21) 2,976.44 (68,462.77)	3,000,000.00 1,431,540.23 4,431,540.23	- 1,431,540.23 1,431,540.23	3,000,000.00 E2 - 3,000,000.00	3,000,000.00 1,431,540.23 4,431,540.23	- - -
18603102	18609602 18608312	Chehalis Washington (Future Cost Est.) Chehalis Washington (Remediation Costs) Subtotal Chehalis Washington	323,074.42 3,926,925.58 4,250,000.00	(73,074.42) 2,500.32 (70,574.10)	250,000.00 3,929,425.90 4,179,425.90	- 3,929,425.90 3,929,425.90	250,000.00 E2 - 250,000.00	250,000.00 3,929,425.90 4,179,425.90	- - -
18603302 18604102 18614102	18609422 18609432 18608412 18609312	Gas Works Park (Future Cost Est.) Post-Nov 2012 Gas Works Park (Remediation Costs) Pre-Nov 2012 Gas Works Park (Remediation Costs) Pre-Nov 2012 Lake Union Sediments (Remediation Costs) Subtotal Gas Works Park & Lake Union	23,326,097.06 617,366.49 2,651,381.74 12,405,154.71 39,000,000.00	(326,097.06) 582,579.38 0.00 0.00 256,482.32	23,000,000.00 1,199,945.87 2,651,381.74 12,405,154.71 39,256,482.32	- 1,199,945.87 2,651,381.74 12,405,154.71 16,256,482.32	23,000,000.00 E2 - - - 23,000,000.00	23,000,000.00 1,199,945.87 2,651,381.74 12,405,154.71 39,256,482.32	- - - - -
18612102	18609622 18609512	Quendall Terminal (Future Cost Est.) Quendall Terminal (Remediation Costs) Subtotal Quendall Terminal	1,000,000.00 - 1,000,000.00	0.00 0.00 -	1,000,000.00 - 1,000,000.00	- - -	1,000,000.00 E3 - 1,000,000.00	1,000,000.00 - 1,000,000.00	- - -
18601102 18601102	18609642 18608112 18608112	Tacoma Tar Pits (Future Cost Est.) Post-June 1999 Tacoma Tar Pits (Remediation Costs) Pre-June 1999 Tacoma Tar Pits (Remediation Costs) Subtotal Tacoma Tide Flats	456,774.79 3,543,225.21 34,826,945.69 38,826,945.69	(56,774.79) 63,564.41 - 6,789.62	400,000.00 3,606,789.62 34,826,945.69 38,833,735.31	- 3,606,789.62 34,826,945.69 38,433,735.31	400,000.00 E3 - - 400,000.00	400,000.00 3,606,789.62 34,826,945.69 38,833,735.31	- - - -
18603202	18609652 18609532	Bay Station (Future Cost Est.) Bay Station (Remediation Costs) Subtotal Bay Station	1,270,590.59 229,409.41 1,500,000.00	(590.59) 940.43 349.84	1,270,000.00 230,349.84 1,500,349.84	- 230,349.84 230,349.84	1,270,000.00 E4 - 1,270,000.00	1,270,000.00 230,349.84 1,500,349.84	- - -
18614402	18609662 18609542	Olympia Columbia Street MGP (Future Cost Est.) Olympia Columbia Street MGP (Remediation Costs) Subtotal Olympia Columbia Street MGP	627,778.23 1,122,221.77 1,750,000.00	(377,778.23) 33,120.39 (344,657.84)	250,000.00 1,155,342.16 1,405,342.16	- 1,155,342.16 1,155,342.16	250,000.00 E4 - 250,000.00	250,000.00 1,155,342.16 1,405,342.16	- - -
18608302 18608304	18609672 18608752 18608752	Verbeek Autowrecking (Future Cost Est.) Olympia Columbia Street MGP (Remediation Costs) Verbeek Autowrecking (Reimbursement of Remed Cost from 3rd Party) Subtotal Verbeek Autowrecking	265,050.00 2,049,542.67 (1,114,592.67) 1,200,000.00	34,950.00 580.00 0.00 35,530.00	300,000.00 2,050,122.67 (1,114,592.67) 1,235,530.00	- 2,050,122.67 (1,114,592.67) 935,530.00	300,000.00 E4 - - 300,000.00	300,000.00 2,050,122.67 (1,114,592.67) 1,235,530.00	- - - -
18608062	18608062	Unallocated Insurance and Third Party Recoveries	-	-	-	-	-	-	(53,384,196.59)
TOTAL - MANUFACTURED GAS SITES			\$ 108,026,149.28	\$ (4,626,982.98)	\$ 103,399,166.30	\$ 71,704,166.30	\$ 31,695,000.00	\$ 103,399,166.30	\$ (53,384,196.59)

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Gas
June 30, 2013

September 1998 - forward SAP Order	September 1998 - forward SAP Account	Site Description	SAP Account Balance 3/31/2013	Quarterly Activity	SAP Account Balance 6/30/2013	Actual Costs Through 6/30/2013	Future Cost Estimates	Total Cost Estimates	Recoveries Through 6/30/2013
		GAS UNDERGROUND STORAGE TANKS AND OTHER SITES							
		SWARR STATION (Future Cost Est.)	70,678.80	(678.80)	70,000.00	279,321.20	70,000.00	70,000.00	-
18230212	18609682 18237112	SWARR STATION	279,321.20	0.00	279,321.20	279,321.20	-	279,321.20	-
			350,000.00	(678.80)	349,321.20	279,321.20	70,000.00	349,321.20	-
		NORTH OPERATING BASE (Future Cost Est.)	50,000.00	0.00	50,000.00	-	50,000.00	50,000.00	-
18230210	18609692 18236912	NORTH OPERATING BASE	-	0.00	-	-	-	-	-
			50,000.00	0.00	50,000.00	-	50,000.00	50,000.00	-
		(A) SOUTH SEATTLE GATE STATION	169,602.13	0.00	169,602.13	169,602.13	-	169,602.13	-
		(A) NORTH TACOMA GATE STATION	133,750.43	0.00	133,750.43	133,750.43	-	133,750.43	-
		(A) NORTH SEATTLE GATE STATION	53,995.63	0.00	53,995.63	53,995.63	-	53,995.63	-
		(A) COWINGTON GATE STATION	67,987.45	0.00	67,987.45	67,987.45	-	67,987.45	-
		TOTAL - GAS UNDERGROUND STORAGE TANKS	\$ 825,335.64	(678.80)	\$ 824,656.84	\$ 704,656.84	\$ 120,000.00	\$ 824,656.84	\$ -
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 108,851,484.92	\$ (4,627,661.78)	\$ 104,223,823.14	\$ 72,408,823.14	\$ 31,615,000.00	\$ 104,223,823.14	\$ (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.

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated June 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 (\$)
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
Kitittas 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.