



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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March 7, 2018

Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: *Petition of Cascade Natural Gas Corporation for an Accounting Order Authorizing Deferred Accounting Treatment of Expenses Related to the Environmental Remediation of the Old Bremerton Gas Works and Sesko Property Site; Docket UG-100589.*

Dear Mr. King:

Commission staff has reviewed the semiannual compliance filings of Cascade Natural Gas Corporation (Cascade or company) relating to its deferrals of costs it has incurred to environmentally remediate the Old Bremerton Gas Works and Sesko Property Site (BGW).¹ Staff's compliance review spans the period of March 1, 2011, through its most recent report dated February 28, 2018. The deferred cost amounts provided in the company's compliance reports are broken down into four separate categories:

- **EPA Fees** – Fees assessed to Cascade from the Environmental Protection Agency (EPA) in accordance with the Agreed Order of Consent;
- **Interim Remediation** – All third-party costs for investigative and remedial work;
- **Legal** – All third party legal costs; and
- **Insurance Proceeds** – Moneys received by Cascade from its insurers.

The cumulative deferral balances as of February 28, 2018, are provided in the table below:

Bremerton Gas Works Remediation Deferral Balances as of March 1, 2018	
Interim Remediation costs	\$ 3,944,001
Legal	\$ 1,159,119
EPA Fees	\$ 674,258
Less Insurance Proceeds	\$ (1,847,077)
Total	\$ 3,930,301²

¹ Bremerton Gas Works is a former manufactured gas plant located in Bremerton, Washington. It occupies about 2.8 acres of property along the Port Washington Narrows in Puget Sound, a designated estuary of national significance under the Clean Water Act. Two species of federally listed endangered or threatened fish (steelhead trout and chinook salmon) live near the site. This portion of Puget Sound is used as a sport and commercial fishery, as well as for subsistence fishing by the Suquamish Tribe. The site was listed on the Superfund National Priorities List in May 2012.

² In UG-100589, Order 01, Cascade estimated remediation costs for the BGW site would range between \$340,000

In a supplemental compliance filing dated March 5, 2018, the company provided, at staff's request, a timeline of activities surrounding its remediation of the BGW site. According to this timeline, in October of 2013, Cascade completed "Time Critical Removal Action" (TCRA) for the site. The TCRA addressed the immediate mitigation needs of the site to prevent further contamination of Puget Sound waters. In February of 2017, the company provided the EPA with a final draft of its "Remedial Investigation and Feasibility Study".³ Staff has examined all of the documents provided by Cascade in this compliance filing and believes that they comply fully with the Commission's Order 01, entered on September 16, 2010.

Staff will also propose at a future open meeting that Order 01 be modified to reduce Cascade's reporting from twice a year (July 1 and December 31 of each year) to once a year (December 31).

Sincerely,

DAVID CARLOS GOMEZ
Assistant Power Supply Manager, Energy

and \$6,400,000.

³ After a site is listed on the Superfund National Priorities List, a remedial investigation/feasibility study (RI/FS) is performed at the site. In the RI/FS stage, Cascade designs a thorough study of the site to characterize the types and concentrations of contaminants, and to delineate both the area affected and the depth. The RI/FS will begin in 2017 and take about two years.