



PUGET SOUND ENERGY

The Energy To Do Great Things

Puget Sound Energy
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PSE.com

May 30, 2014

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities & Transportation Commission
PO Box 47250
Olympia, WA 98504

2014 JUN -4 PM 1:35

Dear Mr. King:

Subject: Environmental Report for the quarter ending March 31, 2014

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.

PSE would like to request that these documents be treated as Confidential and Privileged.

Sincerely,

John Rork
Manager – Environmental Services

cc: Daniel Doyle
Steve Secrist
Lorna Luebbe
Della Cheung
Susan Free
Eric Englert
John Chao
Jeff Thomas
David Brenner

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated March 2014)

PSE Facility/Location	Description	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. 29,000
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

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STATE OF WASHINGTON

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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
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.

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

September 1998 SAP Order	forward SAP Account	Site Description	SAP Account Balance 12/31/2013 (a)	Quarterly Activity (b)	SAP Account Balance 3/31/2014 (c) = (a) + (b)	Actual Costs Through 3/31/2014 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 3/31/2014 (g)
FORMER MANUFACTURED GAS SITES:									
18606102	18609572 18609612	Es.) Cosis)	725,000.00 775,086.80	- -	725,000.00 775,086.80	775,086.80	725,000.00	725,000.00	-
		Subtotal Tacoma Gas Company	1,500,086.80	-	1,500,086.80	775,086.80	725,000.00	1,500,086.80	-
18607102	18609582	Thea Foss Waterway (Future Cost Est.)	1,500,048.55	1,799,951.45	3,300,000.00	-	3,300,000.00	3,300,000.00	-
18607203	18608712	Thea Foss Waterway (Remediation Costs)	4,057,421.60	-	4,057,421.60	4,057,421.60	-	4,057,421.60	-
		(B) Thea Foss Waterway (Legal Costs)	4,499,203.59	(4,499,203.59)	-	-	-	-	-
18607103	18608772	Thea Foss Waterway (WADOT Settlement)	(4,820,005.10)	1,331,006.00	(3,488,999.10)	(3,488,999.10)	-	(3,488,999.10)	-
		Thea Foss Recovery	-	-	-	-	-	-	-
		Subtotal Thea Foss Waterway	5,235,668.64	(1,368,246.14)	3,868,422.50	566,422.50	3,300,000.00	3,868,422.50	-
18602102	18609592	Everett Washington (Future Cost Est.)	2,990,519.84	(6,859.16)	2,983,660.68	-	2,983,660.68	2,983,660.68	-
		Everett Washington (Remediation Costs)	1,441,020.39	6,859.16	1,447,879.55	1,447,879.55	-	1,447,879.55	-
		Everett Washington (WADOT Settlement)	(801,550.75)	-	(801,550.75)	(801,550.75)	-	(801,550.75)	-
		Subtotal Everett Washington	3,629,989.48	-	3,629,989.48	646,328.80	2,983,660.68	3,629,989.48	-
18603102	18609602	Chehalis Washington (Future Cost Est.)	250,000.00	(912.16)	249,087.84	-	249,087.84	249,087.84	-
		Chehalis Washington (Remediation Costs)	3,929,425.90	912.16	3,930,338.06	3,930,338.06	-	3,930,338.06	-
		Subtotal Chehalis Washington	4,179,425.90	-	4,179,425.90	3,930,338.06	249,087.84	4,179,425.90	-
18604202	18609422	Gas Works Park (Future Cost Est.)	22,454,873.00	(432,164.19)	22,022,708.81	-	22,022,708.81	22,022,708.81	-
18604302	18609432	Post - Nov 2012 Gas Works Park (Remediation Costs)	1,745,072.87	432,164.19	2,177,237.06	2,177,237.06	-	2,177,237.06	-
18604102	18609412	Pre-Nov 2012 Gas Works Park (Remediation Costs)	2,651,381.74	-	2,651,381.74	2,651,381.74	-	2,651,381.74	-
18614102	18609312	Pre-Nov 2012 Lake Union Sediments (Remediation Costs)	12,405,154.71	-	12,405,154.71	12,405,154.71	-	12,405,154.71	-
		Subtotal Gas Works Park & Lake Union	39,256,482.32	-	39,256,482.32	17,233,773.51	22,022,708.81	39,256,482.32	-
18612102	18609622	Quendall Terminal (Future Cost Est.)	1,000,000.00	-	1,000,000.00	-	1,000,000.00	1,000,000.00	-
		Quendall Terminal (Remediation Costs)	-	-	-	-	-	-	-
		Subtotal Quendall Terminal	1,000,000.00	-	1,000,000.00	-	1,000,000.00	1,000,000.00	-
18601102	18609642	Tacoma Tar Pits (Future Cost Est.)	294,697.15	705,302.85	1,000,000.00	-	1,000,000.00	1,000,000.00	-
18601102	18608112	Post-June 1999 Tacoma Tar Pits (Remediation Costs)	3,712,092.47	41,080.08	3,753,172.55	3,753,172.55	-	3,753,172.55	-
18601102	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 Tide Flats	38,833,735.31	746,382.93	39,580,118.24	38,580,118.24	1,000,000.00	39,580,118.24	-
18603202	18609652	Bay Station (Future Cost Est.)	1,270,000.00	-	1,270,000.00	-	1,270,000.00	1,270,000.00	-
		Bay Station (Remediation Costs)	230,349.84	-	230,349.84	230,349.84	-	230,349.84	-
		Subtotal Bay Station	1,500,349.84	-	1,500,349.84	230,349.84	1,270,000.00	1,500,349.84	-
18614402	18609692	Olympia Columbia Street MGP (Future Cost Est.)	178,098.98	353,101.02	531,191.00	-	531,191.00	531,191.00	-
18609542	18609542	Olympia Columbia Street MGP (Remediation Costs)	1,227,252.18	(8,442.82)	1,218,809.36	1,218,809.36	-	1,218,809.36	-
18608792	18608792	Olympia Columbia Street MGP (WADOT Settlement)	(160,310.15)	-	(160,310.15)	(160,310.15)	-	(160,310.15)	-
		Subtotal Olympia Columbia Street MGP	1,245,040.91	344,658.20	1,589,699.11	1,058,499.21	531,191.00	1,589,699.21	-
18608672	18608672	Verbeek Autowrecking (Future Cost Est.)	300,000.00	-	300,000.00	-	300,000.00	300,000.00	-
18608752	18608752	Verbeek Autowrecking (Remediation Costs)	2,050,122.67	-	2,050,122.67	2,050,122.67	-	2,050,122.67	-
18608304	18608752	Party)	(1,114,592.67)	-	(1,114,592.67)	(1,114,592.67)	-	(1,114,592.67)	-
		Subtotal Verbeek Autowrecking	1,235,530.00	-	1,235,530.00	935,530.00	300,000.00	1,235,530.00	-
18608082	18608082	Unallocated Insurance and Third Party Recoveries	-	-	-	-	-	-	(50,219,242.80)
		TOTAL - MANUFACTURED GAS SITES	\$ 97,617,300.30	\$ (277,205.01)	\$ 97,340,095.29	\$ 63,958,446.96	\$ 33,391,648.33	\$ 97,340,095.29	\$ (50,219,242.80)

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

September 1998 - forward SAP Order	SAP Account	Site Description	SAP Account Balance 12/31/2013	Quarterly Activity	SAP Account Balance 3/31/2014	Actual Costs Through 3/31/2014	Future Cost Estimates	Total Cost Estimates	Recoveries Through 3/31/2014
		GAS UNDERGROUND STORAGE TANKS AND OTHER SITES							
		SWARR STATION (Future Cost Est.)	70,000.00	-	70,000.00	-	70,000.00	70,000.00	-
18230212	18237112	SWARR STATION	279,321.20	-	279,321.20	279,321.20	-	279,321.20	-
			349,321.20	-	349,321.20	279,321.20	70,000.00	349,321.20	-
		NORTH OPERATING BASE (Future Cost Est.)							
18230210	18236912	NORTH OPERATING BASE	50,000.00	-	50,000.00	-	50,000.00	50,000.00	-
			50,000.00	-	50,000.00	-	50,000.00	50,000.00	-
		SOUTH SEATTLE GATE STATION							
		(A) SOUTH SEATTLE GATE STATION	169,602.13	-	169,602.13	169,602.13	-	169,602.13	-
18237122	18237132	(A) NORTH TACOMA GATE STATION	133,750.43	-	133,750.43	133,750.43	-	133,750.43	-
		(A) NORTH SEATTLE GATE STATION	53,995.63	-	53,995.63	53,995.63	-	53,995.63	-
18237142	18237152	(A) COVINGTON GATE STATION	67,987.45	-	67,987.45	67,987.45	-	67,987.45	-
		TOTAL - GAS UNDERGROUND STORAGE TANKS	\$ 824,656.84	\$ -	\$ 824,656.84	\$ 704,656.84	\$ 120,000.00	\$ 824,656.84	\$ -
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 98,441,957.14	# \$ (277,205.01)	\$ 98,164,752.13	\$ 64,653,103.80	\$ 33,507,648.33	\$ 98,164,752.13	\$ (50,219,242.80)

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 Q1 of 2010 for posting legal cost related to THEA FOSS WATERWAY
(C) Includes the reimbursement from Seattle Public Utilities for site-wide costs that PSE incurred to support the development of the Remedial Investigation and Feasibility Studies (R/IFS) for the Gas Works site, for the period of 12/15/2012 - 6/14/13 (\$185,450.59).
(D) Represents the legal dispute settlement between WADOT, Pacific and PSE on 10/22/2013.