



Puget Sound Energy
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PSE.com

October 22, 2014

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

RECEIVED
REGULATORY MANAGEMENT
2014 DEC 26 PM 2:31
STATE OF WASHINGTON
UTIL. AND TRANSP.
COMMISSION

Dear Mr. King:

Subject: Environmental Report for the quarter ending Sept 30, 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, INC.
Deferred Environmental Cost Summary Gas
September 30, 2014

September 1998 - forward SAP Order Liability	SAP Account	Site Description	SAP Account Balance 6/30/2014	Quarterly Activity	SAP Account Balance 9/30/2014	Actual Costs Through 9/30/2014	Future Cost Estimates	Total Cost Estimates	Recoveries Through 9/30/2014	
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g)	
FORMER MANUFACTURED GAS SITES:										
		Iacoma Gas Company (Upload Source Control) (Future Cost Est.)	725,000.00	-	725,000.00	-	725,000.00	725,000.00	-	
	18605672	Tacoma Gas Company (Upload Source Control) (Remediation Costs)	775,086.80	-	775,086.80	775,086.80	-	775,086.80	-	
	18608612	Subtotal Tacoma Gas Company	1,500,086.80	-	1,500,086.80	775,086.80	725,000.00	1,500,086.80	-	
	18609582	Thee Foss Waterway (Future Cost Est.)	3,294,645.00	(2,507.50)	3,292,137.50	-	3,292,137.50	3,292,137.50	-	
	18608712	Thee Foss Waterway (Remediation Costs)	4,062,776.60	2,507.50	4,065,284.10	4,065,284.10	-	4,065,284.10	-	
	18608772	Thee Foss Waterway (WADOT Settlement)	(3,488,999.10)	D	(3,488,999.10)	(3,488,999.10)	-	(3,488,999.10)	-	
	18607103	Thee Foss Recovery	-	-	-	-	-	-	-	
	18608742	(B) Thee Foss Waterway (Legal Costs)	-	-	-	-	-	-	-	
		Subtotal Thee Foss Waterway	3,868,422.50	-	3,868,422.50	576,295.00	3,292,137.50	3,868,422.50	-	
	18609592	Everett Washington (Future Cost Est.)	2,977,095.17	(3,593.93)	2,973,501.24	-	2,973,501.24	2,973,501.24	-	
	18608212	Everett Washington (Remediation Costs)	1,454,446.06	3,593.93	1,458,039.99	1,458,039.99	-	1,458,039.99	-	
	18608782	Everett Washington (WADOT Settlement)	(801,550.75)	D	(801,550.75)	(801,550.75)	-	(801,550.75)	-	
		Subtotal Everett Washington	3,629,990.48	-	3,629,990.48	656,489.24	2,973,501.24	3,629,990.48	-	
	18609602	Chehalis Washington (Future Cost Est.)	238,858.63	(2,190.74)	236,667.89	-	236,667.89	236,667.89	-	
	18608312	Chehalis Washington (Remediation Costs)	3,940,567.27	2,190.74	3,942,758.01	3,942,758.01	-	3,942,758.01	-	
		Subtotal Chehalis Washington	4,179,425.90	-	4,179,425.90	3,942,758.01	236,667.89	4,179,425.90	-	
	18609422	Gas Works Park (Future Cost Est.)	21,512,296.36	(535,563.72)	20,976,731.64	-	20,976,731.64	20,976,731.64	-	
	18609432	Post - Nov 2012 Gas Works Park (Remediation Costs)	2,987,650.51	535,563.72	3,223,214.23	3,223,214.23	-	3,223,214.23	-	
	18608412	Pre-Nov 2012 Gas Works Park (Remediation Costs)	2,651,391.74	-	2,651,391.74	-	-	2,651,391.74	-	
	18608312	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	39,256,492.32	-	39,256,492.32	18,279,750.88	20,976,731.64	39,256,492.32	-	
	18609622	Quendall Terminal (Future Cost Est.)	1,000,000.00	-	1,000,000.00	-	1,000,000.00	1,000,000.00	-	
	18609512	Quendall Terminal (Remediation Costs)	-	-	-	-	-	-	-	
		Subtotal Quendall Terminal	1,000,000.00	-	1,000,000.00	-	1,000,000.00	1,000,000.00	-	
	18609842	Tacoma Tar Pits (Future Cost Est.)	844,465.22	(32,111.10)	812,374.12	-	812,374.12	812,374.12	-	
	18608112	Post-June 1999 Tacoma Tar Pits (Remediation Costs)	3,808,687.33	32,111.10	3,840,798.43	3,840,798.43	-	3,840,798.43	-	
	18608112	Pie 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 Pits	39,380,118.24	-	39,590,118.24	38,697,744.12	812,374.12	39,590,118.24	-	
	18609652	Bay Station (Future Cost Est.)	1,270,000.00	-	1,270,000.00	-	1,270,000.00	1,270,000.00	-	
	18609532	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	-	
	18609662	Olympia Columbia Street MGP (Future Cost Est.)	527,006.80	(300.49)	526,706.31	-	526,706.31	526,706.31	-	
	18609542	Olympia Columbia Street MGP (Remediation Costs)	1,222,990.36	300.49	1,223,291.05	1,223,291.05	-	1,223,291.05	-	
	18608792	Olympia Columbia Street MGP (WADOT Settlement)	(160,310.15)	D	(160,310.15)	(160,310.15)	-	(160,310.15)	-	
		Subtotal Olympia Columbia Street MGP	1,589,696.21	-	1,589,696.21	1,062,980.90	526,706.31	1,589,696.21	-	
	18609672	Verbeek Autowrecking (Future Cost Est.)	300,000.00	-	300,000.00	-	300,000.00	300,000.00	-	
	18608752	Verbeek Autowrecking (Remediation Costs)	2,050,122.67	-	2,050,122.67	2,050,122.67	-	2,050,122.67	-	
	18608752	Verbeek Autowrecking (Reimbursement of Remed Cost from 3rd 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	-	
	18608012	Downtown Property (Future Cost Est.)	291,144.00	(5,487.75)	285,656.25	-	285,656.25	285,656.25	-	
	18608002	Downtown Property (Remediation Costs)	8,956.00	5,487.75	14,343.75	14,343.75	-	14,343.75	-	
		Subtotal Downtown Property	300,000.00	-	300,000.00	14,343.75	285,656.25	300,000.00	-	
	18608052	Unallocated Insurance and Third Party Recoveries	-	-	-	-	-	-	-	
		TOTAL - MANUFACTURED GAS SITES	\$ 97,640,095.29	\$ -	\$ 97,640,095.29	\$ 65,126,973.59	\$ 32,498,777.95	\$ 97,340,095.29	\$ -	

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Gas
September 30, 2014

September 1998 - forward SAP Order Liability	SAP Account	Site Description	SAP Account Balance 6/30/2014	Quarterly Activity	SAP Account Balance 9/30/2014	Actual Costs Through 9/30/2014	Future Cost Estimates	Total Cost Estimates	Recoveries Through 9/30/2014
		SITES							
18230212	18609682	SWARR STATION (Future Cost Est.)	70,000.00	-	70,000.00	-	70,000.00	70,000.00	
	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	
15	18609692	NORTH OPERATING BASE (Future Cost Est.)	50,000.00	-	50,000.00	-	50,000.00	50,000.00	
	18236912	NORTH OPERATING BASE	-	-	-	-	-	-	
			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	-	169,602.13	
	18237132	(A) NORTH TACOMA GATE STATION	133,750.43	-	133,750.43	133,750.43	-	133,750.43	
	18237142	(A) NORTH SEATTLE GATE STATION	53,995.63	-	53,995.63	53,995.63	-	53,995.63	
	18237152	(A) COVINGTON GATE STATION	67,987.45	-	67,987.45	67,987.45	-	67,987.45	
		TOTAL - GAS UNDERGROUND STORAGE TANKS	\$ 425,335.64	#	\$ 425,335.64	\$ 704,656.84	\$ 120,000.00	\$ 824,656.84	
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 98,065,430.93	\$	\$ 98,065,430.93	\$ 65,831,630.43	# \$ 32,618,777.95	\$ 98,164,752.13	
									\$ 560,100.86

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) 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 (RIFS) 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.

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
September 30, 2014

September 2000 - forward SAP Order	Liability Acct SAP Account	Site Description	SAP Account Balance 6/30/2014	Quarterly Activity 9/30/2014	SAP Account Balance 9/30/2014	Actual Costs Through 9/30/2014	Future Cost Estimates	Total Cost Estimates	Recoveries Through 9/30/2014
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g)
18230009	22840021	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.)	250,307.28	0.00	250,307.28	0.00	250,307.28	250,307.28	0.00
	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,140,681.11	0.00	2,140,681.11	2,140,681.11	0.00	2,140,681.11	0.00
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris	2,390,988.39	0.00	2,390,988.39	2,140,681.11	250,307.28	2,390,988.39	0.00
18230021	22840221	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,000.00	(8,500.00)	111,500.00	0.00	111,500.00	111,500.00	0.00
	18232271	Env Rem - Lower Duwamish Waterway	79,843.87	8,500.00	88,343.87	88,343.87	0.00	88,343.87	0.00
		Subtotal Lower Duwamish Waterway Site	199,843.87	0.00	199,843.87	88,343.87	111,500.00	199,843.87	0.00
		Subtotal 182.3	2,863,924.42	(50,000.00)	2,813,924.42	2,427,117.14	386,807.28	2,813,924.42	0.00
18601120	22840161	Env Rem - Lower Baker Power Plant (Future Cost Est.)	278,786.00	(11,163.20)	267,622.80	0.00	267,622.80	267,622.80	0.00
	18608001	Env Rem - Lower Baker Power Plant	387,668.33	11,163.20	399,051.53	399,051.53	0.00	399,051.53	0.00
		Subtotal Lower Baker Power Plant Site	666,454.33	0.00	666,674.33	399,051.53	267,622.80	666,674.33	0.00
18601121	22840171	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost E	490,000.00	0.00	490,000.00	0.00	490,000.00	490,000.00	0.00
	18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	2,254,508.17	0.00	2,254,508.17	2,254,508.17	0.00	2,254,508.17	0.00
		Subtotal Snoqualmie Hydro Generation Site	2,744,508.17	0.00	2,744,508.17	2,254,508.17	490,000.00	2,744,508.17	0.00
18601122	22840181	Env Rem - Bellingham South State Street MGP (former Blvd Park) (Future Cost Est.)	1,512,335.92	(64,268.09)	1,448,068.83	0.00	1,448,068.83	1,448,068.83	0.00
	18608041	Env Rem - Bellingham South State Street MGP (former Blvd Park)	1,995,817.59	64,268.09	2,050,085.68	2,050,085.68	0.00	2,050,085.68	0.00
		Subtotal Bellingham South State Street MGP (former Blvd Park) S	3,498,154.51	0.00	3,498,154.51	2,050,085.68	1,448,068.83	3,498,154.51	0.00
18601125	22840191	Env Rem - Electron Flume (Future Cost Est.)	250,000.00	0.00	250,000.00	0.00	250,000.00	250,000.00	0.00
	18608081	Env Rem - Electron Flume	659,654.59	0.00	659,654.59	659,654.59	0.00	659,654.59	0.00
		Subtotal Electron Flume Site	909,654.59	0.00	909,654.59	659,654.59	250,000.00	909,654.59	0.00
18601128	22840231	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	75,000.00	0.00	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	299,879.76	0.00	299,879.76	224,879.76	75,000.00	299,879.76	0.00
18601130	22840281	Env Rem - Sammamish Substation (Future Cost Est.)	50,000.00	0.00	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	450,495.47	0.00	450,495.47	400,495.47	50,000.00	450,495.47	0.00
18601161	22840301	Env Rem - City of Olympia v PSE (Future Cost Est.)	118,000.00	(14,536.52)	103,463.48	0.00	103,463.48	103,463.48	0.00
	18608231	Env Rem - City of Olympia v PSE	157,380.13	14,536.52	171,916.65	171,916.65	0.00	171,916.65	0.00
		Subtotal City of Olympia v PSE	275,380.13	0.00	275,380.13	171,916.65	103,463.48	275,380.13	0.00
Project completed - Not included on Qtrly Memc	18601123	Env Rem - Everett Asarco	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
18601151	18608211	Env Rem - PL Robinson Cable Station	111,880.23	0.00	111,880.23	111,880.23	0.00	111,880.23	0.00
		Subtotal PL Robinson Cable Station	111,880.23	0.00	111,880.23	111,880.23	0.00	111,880.23	0.00
		Subtotal 186	9,249,215.87	0.00	9,249,215.87	6,485,060.76	2,764,155.11	9,249,215.87	0.00
		Elec. UNDERGROUND STORAGE TANKS AND OTHER SITES	15,000.00	0.00	15,000.00	0.00	15,000.00	15,000.00	0.00
	22840051	Env Rem - Whidbey Service Center UST (Future Cost Est.)	10,000.00	0.00	10,000.00	0.00	10,000.00	10,000.00	0.00
	22840111	Env Rem - Poulsbo Service Center UST (Future Cost Est.)	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
	18608241	Env Rem - Whitehorn UST Remediation (Future Cost Est.)	80,000.00	0.00	80,000.00	80,000.00	0.00	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	80,000.00	0.00	80,000.00	0.00
Project completed - Not included on Qtrly Memc	22840081	Env Rem - Tenino Service Center UST (Future Cost Est.)	50,000.00	(50,000.00)	0.00	0.00	0.00	0.00	0.00
	18233031	Env Rem - Tenino Service Center UST	198,092.16	0.00	198,092.16	198,092.16	0.00	198,092.16	0.00
	18233091	Subtotal Tenino Service Center UST	248,092.16	(50,000.00)	198,092.16	198,092.16	0.00	198,092.16	0.00
		Subtotal UST sites	353,092.16	(50,000.00)	303,092.16	198,092.16	105,000.00	303,092.16	0.00
		Total Asset	12,113,140.29	(50,000.00)	12,063,140.29	8,912,177.90	3,150,962.39	12,063,140.29	0.00

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
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September 2000 - forward SAP Order	September 2000 - forward Liability Acct	SAP Account	Site Description	SAP Account Balance 6/30/2014 (a)	Quarterly Activity (b)	SAP Account Balance 9/30/2014 (c) = (a) + (b)	Actual Costs Through 9/30/2014 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 9/30/2014 (g)
22840081		22840081	Env Rem - Puyallup Garage Site	(453,028.42)	0.00	(453,028.42)	14,834.14	453,028.42	467,862.56	(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	15,083,472.68	(11,938,563.00)
22840031		22840031	Env Rem - Olympia Service Center UST	(129,471.05)	0.00	(129,471.05)	20,528.95	129,471.05	150,000.00	(150,000.00)
22841001		22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,610,484.09)	0.00	(4,610,484.09)	0.00	0.00	0.00	(4,610,484.09)
			Total Liabilities	(5,692,993.55)	0.00	(5,692,993.55)	14,618,835.77	1,002,499.47	15,701,335.24	(17,049,047.09)
			Grand Total	6,420,156.74	(50,000.00)	6,370,156.74	23,531,015.67	4,233,461.86	27,764,475.53	(17,049,047.09)

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 \$2,644,909.88 through report date.

(B) Represents allocated proceeds from the insurance recoveries.

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

PSE Facility/Location	USTs and majority of contaminated soil removed in 1999. Small volume of contaminated soil remains beneath building	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

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
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) **\$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.