



PUGET SOUND ENERGY

The Energy To Do Great Things

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

August 7, 2014

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

Dear Mr. King:

Subject: Environmental Report for the quarter ending June 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

STATE OF WASHINGTON
UTILITIES TRANSPORTATION
COMMISSION
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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 Electric
June 30, 2014

September 2000 - forward SAP Order	September 2000 - forward SAP Account	Site Description	SAP Account Balance 3/31/2014 (a)	Quarterly Activity 6/30/2014 (b)	SAP Account Balance 6/30/2014 (c) = (a) + (b)	Actual Costs Through 6/30/2014 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 6/30/2014 (g)
		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
1	18230009	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 Site	2,390,988.39	0.00	2,390,988.39	2,140,681.11	250,307.28	2,390,988.39	0.00
2	18230021	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,000.00	0.00	120,000.00	0.00	120,000.00	120,000.00	0.00
		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	199,843.87	0.00	199,843.87	79,843.87	120,000.00	199,843.87	0.00
		Subtotal 182.3	2,863,924.42	0.00	2,863,924.42	2,418,617.14	445,307.28	2,863,924.42	0.00
3	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	287,301.50	(8,515.50)	278,786.00	0.00	278,786.00	278,786.00	0.00
		Env Rem - Lower Baker Power Plant	379,372.83	8,515.50	387,888.33	387,888.33	0.00	387,888.33	0.00
		Subtotal Lower Baker Power Plant Site	666,674.33	0.00	666,674.33	387,888.33	278,786.00	666,674.33	0.00
4	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	490,000.00	0.00	490,000.00	0.00	490,000.00	490,000.00	0.00
		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
5	18608051	Env Rem - Bellingham South State Street MGP (former Blvd Park) (Future Cost Est.)	1,565,154.59	(52,817.67)	1,512,336.92	0.00	1,512,336.92	1,512,336.92	0.00
		Env Rem - Bellingham South State Street MGP (former Blvd Park)	1,932,999.92	52,817.67	1,985,817.59	1,985,817.59	0.00	1,985,817.59	0.00
		Subtotal Bellingham South State Street MGP (former Blvd Park) Site	3,498,154.51	0.00	3,498,154.51	1,985,817.59	1,512,336.92	3,498,154.51	0.00
6	18608111	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
		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
7	18608151	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
		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
9	18608181	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
		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
10	18608221	Env Rem - City of Olympia v PSE (Future Cost Est.)	104,261.70	13,738.30	118,000.00	0.00	118,000.00	118,000.00	0.00
		Env Rem - City of Olympia v PSE	47,394.01	109,986.12	157,380.13	157,380.13	0.00	157,380.13	0.00
		Subtotal City of Olympia v PSE	151,655.71	123,724.42	275,380.13	157,380.13	118,000.00	275,380.13	0.00
		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
		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
		Subtotal 186	9,125,491.45	123,724.42	9,249,215.87	6,395,092.95	2,854,122.92	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
		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
		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
		Env Rem - Tenino Service Center UST (Future Cost Est.)	50,000.00	0.00	50,000.00	0.00	50,000.00	50,000.00	0.00
		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	248,092.16	0.00	248,092.16	198,092.16	50,000.00	248,092.16	0.00
		Env Rem - Whitehorn UST Remediation (Future Cost Est.)	80,000.00	0.00	80,000.00	0.00	80,000.00	80,000.00	0.00
		Env Rem - Whitehorn UST Remediation	80,000.00	0.00	80,000.00	80,000.00	0.00	80,000.00	0.00
		Subtotal Whitehorn UST	160,000.00	0.00	160,000.00	80,000.00	80,000.00	160,000.00	0.00
		Subtotal UST sites	353,092.16	0.00	353,092.16	198,092.16	155,000.00	353,092.16	0.00
		Total Asset	11,989,415.87	123,724.42	12,113,140.29	8,813,710.09	3,299,430.20	12,113,140.29	0.00

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

September 2000 - forward SAP Order	September 2000 - forward SAP Account	Site Description	SAP Account Balance 3/31/2014 (a)	Quarterly Activity (b)	SAP Account Balance 6/30/2014 (c) = (a) + (b)	Actual Costs Through 6/30/2014 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 6/30/2014 (g)
8	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)
9	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	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	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,564,134.08)	(46,350.00)	(4,610,484.08)	0.00	0.00	0.00	(4,610,484.08)
		Total Liabilities	(5,646,633.55)	(46,350.00)	(5,692,983.55)	14,618,835.77	1,082,499.47	15,701,335.24	(17,049,047.08)
		Grand Total	6,342,782.32	77,374.42	6,420,156.74	23,432,545.86	4,381,929.67	27,814,475.53	(17,049,047.08)
					6,420,156.74			27,814,475.53	

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.
- (C) Other Regulatory Assets to Account 186 Other Misc Deferred Debits, Oct. JE#100036250.
- (D) Other Regulatory Assets to Account 186 Other Misc Deferred Debits, Oct. JE#100036250.
- (E) Other Regulatory Assets to Account 186 Other Misc Deferred Debits, Oct. JE#100036250.
- (F) 35 during the previous period. They should have gone to 18230009, per Nov. JE#100039042.
- (G) Frank Environmental Site Account balance against Account 22841001.

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

September 1998 - forward SAP Order SAP Account	Site Description	SAP Account Balance 3/31/2014 (a)	Quarterly Activity (b)	SAP Account Balance 6/30/2014 (c) = (a) + (b)	Actual Costs Through 6/30/2014 (d)	Future Cost Estimates (e)	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 6/30/2014 (g)
FORMER MANUFACTURED GAS SITES:								
18609572	Tacoma Gas Company (Upload Source Control) (Future Cost Est.)	725,000.00	-	725,000.00	-	725,000.00	E1	725,000.00
18609572	Tacoma Gas Company (Upload Source Control) (Remediation Costs)	775,086.80	-	775,086.80	775,086.80	-	-	775,086.80
	Subtotal Tacoma Gas Company	1,500,086.80		1,500,086.80	775,086.80	725,000.00		1,500,086.80
18607102	Thea Foss Waterway (Future Cost Est.)	3,300,000.00	(5,355.00)	3,294,645.00	-	3,294,645.00	E2	3,294,645.00
18608712	Thea Foss Waterway (Remediation Costs)	4,057,421.60	5,355.00	4,062,776.60	4,062,776.60	-	-	4,062,776.60
18608772	Thea Foss Waterway (WADOT Settlement)	(3,488,999.10)	D	(3,488,999.10)	(3,488,999.10)	-	-	(3,488,999.10)
18607103	Thea Foss Recovery	-	-	-	-	-	-	-
18607203	Thea Foss Waterway (Legal Costs)	-	-	-	-	-	-	-
	Subtotal Thea Foss Waterway	3,869,422.50		3,868,422.50	573,777.50	3,294,645.00		3,868,422.50
18609592	Everett Washington (Future Cost Est.)	2,993,680.66	(6,565.51)	2,977,095.17	-	2,977,095.17	E2	2,977,095.17
18609592	Everett Washington (Remediation Costs)	1,447,879.55	6,565.51	1,454,445.06	1,454,445.06	-	-	1,454,445.06
18608782	Everett Washington (WADOT Settlement)	(801,550.75)	D	(801,550.75)	(801,550.75)	-	-	(801,550.75)
	Subtotal Everett Washington	3,629,999.46		3,629,999.46	652,894.31	2,977,095.17		3,629,999.46
18609602	Chehalis Washington (Future Cost Est.)	249,087.84	(10,229.21)	238,858.63	-	238,858.63	E2	238,858.63
18609602	Chehalis Washington (Remediation Costs)	3,930,338.06	10,229.21	3,940,567.27	3,940,567.27	-	-	3,940,567.27
	Subtotal Chehalis Washington	4,179,425.90		4,179,425.90	3,940,567.27	238,858.63		4,179,425.90
18609422	Gas Works Park (Future Cost Est.)	22,022,708.81	#####	21,512,295.36	-	21,512,295.36	E2	21,512,295.36
18609432	Post - Nov 2012 Gas Works Park (Remediation Costs)	2,177,237.06	510,413.46	2,687,650.51	2,687,650.51	-	-	2,687,650.51
18604102	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	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	17,744,186.96	21,512,295.36		39,256,482.32
18609622	Quendall Terminal (Future Cost Est.)	1,000,000.00	-	1,000,000.00	-	1,000,000.00	E3	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		1,000,000.00
18609642	Tacoma Tar Pits (Future Cost Est.)	1,000,000.00	(55,514.78)	944,485.22	-	944,485.22	E3	944,485.22
18608112	Post-June 1999 Tacoma Tar Pits (Remediation Costs)	3,753,172.55	55,514.78	3,808,687.33	3,808,687.33	-	-	3,808,687.33
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	39,580,118.24		39,580,118.24	38,635,633.02	944,485.22		39,580,118.24
18609652	Bay Station (Future Cost Est.)	1,270,000.00	-	1,270,000.00	-	1,270,000.00	E4	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
18609682	Olympia Columbia Street MGP (Future Cost Est.)	531,181.00	(4,181.30)	527,000.00	-	527,000.00	E4	527,000.00
18609542	Olympia Columbia Street MGP (Remediation Costs)	1,216,809.36	4,181.30	1,222,990.56	1,222,990.56	-	-	1,222,990.56
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	1,589,690.21		1,589,690.21	1,062,680.41	527,000.00		1,589,690.21
18609672	Verbeek Autowrecking (Future Cost Est.)	300,000.00	-	300,000.00	-	300,000.00	E4	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	Downtowner Property (Future Cost Est.)	-	291,144.00	291,144.00	-	291,144.00	E4	291,144.00
18608002	Downtowner Property (Remediation Costs)	8,856.00	-	8,856.00	8,856.00	-	-	8,856.00
	Subtotal Downtowner Property	8,856.00		8,856.00	8,856.00	291,144.00		300,000.00
18609692	Unallocated Insurance and Third Party Recoveries	-	-	-	-	-	-	(50,219,242.80)
	TOTAL - MANUFACTURED GAS SITES	\$ 97,340,095.29		\$ 97,340,095.29	\$ 64,550,706.11	\$ 32,789,389.16		\$ 97,340,095.29
18609682	GAS UNDERGROUND STORAGE TANKS AND OTHER SITES							
18230212	SWARR STATION (Future Cost Est.)	70,000.00	-	70,000.00	-	70,000.00	E3	70,000.00
18230212	SWARR STATION (Future Cost Est.)	279,321.20	-	279,321.20	279,321.20	-	-	279,321.20
	Subtotal SWARR STATION	349,321.20		349,321.20	279,321.20	70,000.00		349,321.20
18230210	NORTH OPERATING BASE (Future Cost Est.)	50,000.00	-	50,000.00	-	50,000.00	E9	50,000.00
18230210	NORTH OPERATING BASE	-	-	-	-	-	-	-
	Subtotal NORTH OPERATING BASE	50,000.00		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

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

September 1998 - forward SAP Order SAP Account	Site Description	SAP Account Balance 3/31/2014	Quarterly Activity	SAP Account Balance 6/30/2014	Actual Costs Through 6/30/2014	Future Cost Estimates	Total Cost Estimates	Recoveries Through 6/30/2014
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	\$ 824,656.84	-	\$ 824,656.84	\$ 704,656.84	\$ 120,000.00	\$ 824,656.84	\$ -
	TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 97,610,342.11	\$ -	\$ 98,164,752.13	\$ 65,255,362.95	\$ 32,909,389.18	\$ 98,164,752.13	\$ (50,219,242.80)

Total 1923 \$ 704,656.84
 Total 166 \$ 97,460,095.29
 Total All \$ 98,164,752.13

Footnotes:
 (A) Represents sites where no additional remedial actions are planned. Currently anticipating entering into insurance recoveries discussion in 2014.
 (B) Order 1807203 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 (RI/FS) 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 UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated June 2014)

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. 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
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
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.