



Puget Sound Energy, Inc.
P.O. Box 90868
Bellevue, WA 98009-0868

December 7, 2009

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

2009 DEC - 8 AM 8:56
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REGULATORY MANAGEMENT
STAFF OFFICE
UTILITY REGULATORY
COMMISSION

Subject: Environmental Report for the quarter ending September 30, 2009

- Docket UG-920781 (WNG)**
- Docket UE-911476 (PSP&L)**
- Docket UE-070724 (PSE)**
- Docket UE-072060 (PSE)**
- Docket UE-081016 (PSE)**

Dear Mr. Danner:

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.

In addition, the follow site has been added during the last quarter:

Talbot Hill Substation and Switchyard

During the investigation and remediation of a minor mineral oil release discovered in June of this year, contamination related to historic spills from electrical equipment was encountered onsite. Subsurface explorations have identified that contamination exceeding state cleanup levels exists beneath a portion of the site and beneath structural foundations supporting towers and electrical equipment. Given the uncertainty related to the extent of contamination that is likely below some of these existing structures scheduled to be removed, PSE believes that a range of costs more accurately reflects the potential range of risks faced by PSE at this site

Estimate: \$ 250,000 - \$ 350,000

Sincerely,

John Rork
Manager – Environmental Services

cc: Jim Eldredge
Mike Main
Karl Karzmar
Bert Valdman
Chuck Gordon
David Brenner
Mike Stranik
Jennifer O'Connor
Natalie Hayashi
Della Cheung
Lorna Luebbe
Steve Secrist

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
September 30, 2009

September 1998 - forward SAP ORDER	SAP ACCOUNT	Site Description	6/30/2009 Account Balance	Activity	9/30/2009 Account Balance	Env Services Project Cost Estimates 9/30/2009	Cost Estimates Remaining 18608022 18296022 22840002	Amortization Through 9/30/2009 Dr. 40700002	Balance 9/30/2009 Closing
FORMER MANUFACTURED GAS SITES:									
TACOMA GAS COMPANY (UPLAND SOURCE CONTROL)									
18606102	18608612	Remediation costs	769,040.33	-	769,040.33	1,100,000.00	330,959.67		769,040.33
18606203	18608642	Legal Costs	15,888.20	-	15,888.20	1,100,000.00	330,959.67		15,888.20
		SUBTOTAL	784,928.53	-	784,928.53	1,100,000.00	330,959.67		784,928.53
THEA FOSS WATERWAY									
18607102	18608712	Remediation costs	3,820,379.01	18,975.87	3,839,354.88	10,000,000.00	6,160,645.12		3,839,354.88
18607203	18608742	Legal costs	4,389,226.54	47,389.08	4,416,615.62	-	6,160,645.12		4,416,615.62
		SUBTOTAL	8,189,605.55	66,364.95	8,255,970.50	10,000,000.00	6,160,645.12		8,255,970.50
EVERETT, WASHINGTON									
18602102	18608212	Remediation Costs	1,340,741.81	19,309.32	1,360,051.13	4,500,000.00	3,139,948.87		1,360,051.13
18602203	18608242	Legal Costs	8,717.50	-	8,717.50	4,500,000.00	3,139,948.87		8,717.50
		SUBTOTAL Everett	1,349,459.31	19,309.32	1,368,768.63	4,500,000.00	3,139,948.87		1,368,768.63
CHEHALIS, WASHINGTON									
18603102	18608312	Remediation Costs	2,767,190.39	34,067.39	2,801,257.78	4,250,000.00	1,448,742.22		2,801,257.78
GAS WORKS PARK									
18604102	18608412	Remediation Costs	2,577,686.93	73,694.81	2,651,381.74	4,000,000.00	1,348,618.26		2,651,381.74
18604203	18608442	Legal Costs	856,121.11	-	856,121.11	4,000,000.00	1,348,618.26		856,121.11
	18608452	Internal Costs - pre-1997	366.95	-	366.95	-	366.95		366.95
		SUBTOTAL Gas Works - Seattle	3,434,174.99	73,694.81	3,507,869.80	4,000,000.00	1,348,618.26		3,507,869.80
QUENDALL TERMINALS									
18612102	18609512	Remediation costs	-	-	59,043.75	1,000,000.00	1,000,000.00		59,043.75
18609302	18609522	Legal Costs	59,043.75	-	59,043.75	1,000,000.00	1,000,000.00		59,043.75
		SUBTOTAL	59,043.75	-	59,043.75	1,000,000.00	1,000,000.00		59,043.75
LAKE UNION SEDIMENTS									
18614102	18609312	Remediation costs	8,587,670.26	117,626.19	8,705,296.45	35,000,000.00	26,294,703.55		8,705,296.45
18614202	18600082	Legal Costs	643,221.57	21,902.02	665,123.59	35,000,000.00	26,294,703.55		665,123.59
		SUBTOTAL	9,230,891.83	139,528.21	9,370,420.04	35,000,000.00	26,294,703.55		9,370,420.04
TACOMA TAR PITS									
18601102	18608112	Remediation Costs through June 1999	34,826,945.69	-	34,826,945.69	3,250,000.00	411,349.46		34,826,945.69
18601102	18608112	Remediation Costs post-June 1999	2,780,468.28	58,182.26	2,838,650.54	3,250,000.00	411,349.46		2,838,650.54
18601203	18608142	Legal Costs	9,351,936.58	-	9,351,936.58	3,250,000.00	411,349.46		9,351,936.58
	18608152	Internal Costs pre-1997	209,796.52	-	209,796.52	-	209,796.52		209,796.52
		SUBTOTAL Tacoma Tide Flats	47,169,147.07	58,182.26	47,227,329.33	3,250,000.00	411,349.46		47,227,329.33
BAY STATION									
18603202	18609532	Remediation costs	144,720.29	2,656.40	147,376.69	1,500,000.00	1,352,623.31		147,376.69
	18609552	Legal Costs	23,663.38	16,290.21	39,953.59	1,500,000.00	1,352,623.31		39,953.59
		SUBTOTAL	168,383.67	18,946.61	187,330.28	1,500,000.00	1,352,623.31		187,330.28

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
September 30, 2009

September 1998 - forward		Site Description		6/30/2009		9/30/2009		Env Services		Amortization	
SAP ORDER	SAP ACCOUNT			Account Balance	Activity	Account Balance	Cost Estimates	Project	Remaining	Through	Balance
							9/30/2009	18236022	18236022	9/30/2009	9/30/2009
								22840002	22840002	Dr. 40700002	Closing
18614402	18609542	OLYMPIA (COLUMBIA STREET MGP)	Remediation costs	20,293.82	-	20,293.82	1,000,000.00		979,706.18		20,293.82
	18609562	Legal Costs		159,479.07	11,069.08	170,548.15					170,548.15
		SUBTOTAL		179,772.89	11,069.08	190,841.97	1,000,000.00		979,706.18		190,841.97
		VERBEEK AUTOWRECKING									
18608302	18608752	Remediation costs		44,179.64	19,273.47	63,453.11	750,000.00		686,546.89		63,453.11
18308303	18608762	Legal Costs		81,168.09	14,314.56	95,482.65					95,482.65
		SUBTOTAL		125,347.73	33,588.03	158,935.76	750,000.00		686,546.89		158,935.76
		WSDOT FEDERAL/STATE (f)									
18605203	18608542	Legal costs		379,591.40	(379,591.40)	-					-
18605102	18608512	Remediation Costs		-	-	-					-
		SUB TOTAL		379,591.40	(379,591.40)	-					-
		TULALIP (f)									
18608102	18608812	Remediation costs		995.00	(995.00)	-					-
		OMNIBUS INSURANCE LITIGATION (f)									
18609202	18608942	Legal costs		3,090,220.42	(3,090,220.42)	-					-
		MERCER STREET (f)									
18611102	18609212	Remediation costs		66,942.15	(66,942.15)	-					-
		Estimated Future Costs		43,497,629.24	(\$343,785.71)	43,153,843.53					43,153,843.53
		Unallocated Insurance and Third Party Recoveries		(68,004,614.45)	3,535,648.55	(64,468,965.90)					(64,468,965.90)
		TOTAL - FORMER MANUFACTURED GAS SITES		\$ 52,488,709.47	\$ 108,864.53	\$ 52,597,574.00	\$ 66,350,000.00		\$ 43,153,843.53	(a)	\$ 52,597,574.00
		GAS UNDERGROUND STORAGE TANKS AND OTHER SITES									
18230212	18237112	SWARR STATION	Total Costs	249,978.82	3,263.15	253,241.97	275,000.00		21,758.03		253,241.97
18230210	18236912	NORTH OPERATING BASE		-	-	-	50,000.00		50,000.00		-
	18237122	SOUTH SEATTLE GATE STATION (e)		169,602.13	-	169,602.13	-		-		169,602.13
	18237132	NORTH TACOMA GATE STATION (e)		133,750.43	-	133,750.43	-		-		133,750.43
	18237142	NORTH SEATTLE GATE STATION (e)		53,995.63	-	53,995.63	-		-		53,995.63
	18237152	COVINGTON GATE STATION (e)		67,987.45	-	67,987.45	-		-		67,987.45
	18236022	UST - ESTIMATED FUTURE COSTS		224,685.54	(152,927.51)	71,758.03	-		71,758.03		71,758.03
		ESTIMATED FUTURE INSURANCE RECOVERIES									
		TOTAL - GAS UNDERGROUND STORAGE TANKS		\$ 900,000.00	\$ (149,664.36)	\$ 750,335.64	\$ 325,000.00		\$ 71,758.03	(d)	\$ 750,335.64
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES		\$ 53,388,709.47	\$ (40,799.83)	\$ 53,347,909.64	\$ 66,675,000.00		\$ 43,225,601.56	(b)	\$ 53,347,909.64

NOTES:
(a) Represents balance in Account 18608022 after quarterly true-up
(b) Represents balance in Account 22840002 after quarterly true-up
(c) Represents the low end of the probable future cost estimate range
(d) Represents balance in Account 18236022 after quarterly true-up
(e) Represents sites where no additional remedial actions are planned and insurance recoveries are pending.
(f) All costs have been incurred and all insurance recoveries have been collected for these costs.

PUGET SOUND ENERGY, INC.
Deferred Environmental Cost Summary Electric
September 30, 2009

September 2000 - forward		SAP		SAP		Actual Costs		Future		Total	
Order	Account	Site Description	Account Balance 6/30/2009	3rd Quarterly Activity	Account Balance 9/30/2009	Through 9/30/2009	Estimates	Estimates	Estimates	Estimates	
			(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)			
18232261	18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	0.00	65,340.84	65,340.84	0.00	65,340.84	65,340.84		65,340.84	
18232271	18232271	Env Rem - Lower Duwamish Waterway	47,948.47	36,710.69	84,659.16	84,659.16	0.00	84,659.16		84,659.16	
		Subtotal Lower Duwamish Waterway Site	47,948.47	102,051.53	150,000.00	84,659.16	65,340.84	150,000.00		150,000.00	
18232221	18232221	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.)	250,000.00	0.00	250,000.00	0.00	250,000.00	250,000.00		250,000.00	
18232251	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	1,934,984.95	27,666.40	1,962,651.35	1,962,651.35	0.00	1,962,651.35		1,962,651.35	
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,184,984.95	27,666.40	2,212,651.35	1,962,651.35	250,000.00	2,212,651.35		2,212,651.35	
18601120	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	630,705.28	(34,569.61)	596,135.67	0.00	596,135.67	596,135.67		596,135.67	
18601120	18608001	Env Rem - Lower Baker Power Plant	69,294.72	34,569.61	103,864.33	103,864.33	0.00	103,864.33		103,864.33	
		Subtotal Lower Baker Power Plant Site	700,000.00	0.00	700,000.00	103,864.33	596,135.67	700,000.00		700,000.00	
18601125	18608111	Env Rem - Electron Flume (Future Cost Est.)	290,001.91	(74,612.38)	215,389.53	0.00	215,389.53	215,389.53		215,389.53	
18601125	18608081	Env Rem - Electron Flume	59,998.09	74,612.38	134,610.47	134,610.47	0.00	134,610.47		134,610.47	
		Subtotal Electron Flume Site	350,000.00	0.00	350,000.00	134,610.47	215,389.53	350,000.00		350,000.00	
18601121	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	452,529.30	0.00	452,529.30	0.00	452,529.30	452,529.30		452,529.30	
18601121	18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	247,470.70	0.00	247,470.70	247,470.70	0.00	247,470.70		247,470.70	
		Subtotal Snoqualmie Hydro Generation Site	700,000.00	0.00	700,000.00	247,470.70	452,529.30	700,000.00		700,000.00	
18601122	18608051	Env Rem - Bellingham South State Street MGP (former Boulevard Park) (Future Cost Est.)	441,639.56	(18,169.75)	423,469.81	0.00	423,469.81	423,469.81		423,469.81	
18601122	18608041	Env Rem - Bellingham South State Street MGP (former Boulevard Park)	58,360.44	18,169.75	76,530.19	76,530.19	0.00	76,530.19		76,530.19	
		Subtotal Bellingham South State Street MGP (former Boulevard Park) Site	500,000.00	0.00	500,000.00	76,530.19	423,469.81	500,000.00		500,000.00	
18601128	18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	0.00	181,849.04	181,849.04	0.00	181,849.04	181,849.04		181,849.04	
18601128	18608141	Env Rem - Talbot Hill Substation and Switchyard	0.00	68,150.96	68,150.96	68,150.96	0.00	68,150.96		68,150.96	
		Subtotal Talbot Hill Substation & Switchyard Site	0.00	250,000.00	250,000.00	68,150.96	181,849.04	250,000.00		250,000.00	
18233061	18233061	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		10,000.00	
18230311	18230311	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		15,000.00	
18230321	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	46,622.18	5,831.89	52,454.07	0.00	52,454.07	52,454.07		52,454.07	
18233091	18233091	Env Rem - Tenino Service Center UST	28,377.82	19,168.11	47,545.93	47,545.93	0.00	47,545.93		47,545.93	
		Subtotal Tenino Service Center UST	75,000.00	25,000.00	100,000.00	47,545.93	52,454.07	100,000.00		100,000.00	
		Total assets	4,582,933.42	404,717.93	4,987,651.35	2,725,483.09	2,262,168.26	4,987,651.35		4,987,651.35	
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		15,083,472.68	
22840081	22840081	Env Rem - Puyallup Garage Site	(453,028.42)	0.00	(453,028.42)	14,971.58	468,000.00	482,971.58		482,971.58	
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	(4,578,088.36)	(2,409.26)	(4,580,497.62)	0.00	0.00	0.00		0.00	
		Total Liabilities	(5,660,587.83)	(2,409.26)	(5,662,997.09)	14,618,973.21	1,097,471.05	15,716,444.26		15,716,444.26	
		Grand Total	(1,077,654.41)	402,308.67	(675,345.74)	17,344,456.30	3,359,639.31	20,704,095.61		20,704,095.61	

Footnotes:
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.
Represents allocated proceeds from the insurance recoveries.
No evidence linking PSE to the Duwamish River site has been discovered and the litigation at the site involving other parties has been ongoing. The estimate reflects the uncertainty pertaining to the exposure that PSE may receive.
The Everett Trolley site deals with a legacy non-utility order group 417 business, and is not related to the electric or gas business.