



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

November 3, 2010

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

2010 NOV -3 AM 9:22

Dear Mr. Danner:

Subject: Environmental Report for the quarter ending September 30, 2010

- 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.

Sincerely,

A handwritten signature in black ink that reads 'John Rork' with a small 'me' written below it.

John Rork
Manager – Environmental Services

cc: Jim Eldredge
Mike Main
Karl Karzmar
Bert Valdman
Eric Markell
Jeff Thomas
David Brenner
Mike Stranik
Steve Secrist
Della Cheung
Lorna Luebbe

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
September 30, 2010

September 1998 - forward SAP ORDER	SAP ACCOUNT	Site Description	6/30/2010		Activity	9/30/2010		Env. Services Project Cost Estimates 9/30/2010 (H)	Cost Estimates Remaining 18608022 18236022 22840002		Amortization Through 9/30/2010 Dr. 40700002	Balance 9/30/2010 Closing	
			Account Balance	Account Balance		Account Balance	Account Balance						
FORMER MANUFACTURED GAS SITES:													
		TACOMA GAS COMPANY (UPLAND SOURCE CONTROL)											
18606102	18608612	Remediation costs	769,040.33	769,040.33	-	1,100,000.00	1,100,000.00	330,959.67	330,959.67			769,040.33	
18606203	18608642	Legal Costs	15,888.20	15,888.20	-	-	-	-	-			15,888.20	
		SUBTOTAL	784,928.53	784,928.53	-	1,100,000.00	1,100,000.00	330,959.67	330,959.67			784,928.53	
		THEA FOSS WATERWAY											
18607102	18608712	Remediation costs	4,004,192.22	4,011,864.45	7,672.23	10,000,000.00	10,000,000.00	5,988,135.55	5,988,135.55			4,011,864.45	
18607203	18608742	Legal costs	4,416,015.62	4,475,572.59	58,956.97	-	-	-	-			4,475,572.59	
		SUBTOTAL	8,420,807.84	8,487,437.04	66,629.20	10,000,000.00	10,000,000.00	5,988,135.55	5,988,135.55			8,487,437.04	
18602102	18608212	EVERETT, WASHINGTON Remediation Costs	1,374,352.46	1,383,403.09	9,050.60	4,500,000.00	4,500,000.00	3,116,596.94	3,116,596.94			1,383,403.06	
18602203	18608242	Legal Costs	8,717.50	8,717.50	-	-	-	-	-			8,717.50	
		SUBTOTAL Everett	1,383,069.96	1,392,120.56	9,050.60	4,500,000.00	4,500,000.00	3,116,596.94	3,116,596.94			1,392,120.56	
18603102	18608312	ORIHALLIS, WASHINGTON Remediation Costs	3,706,723.34	3,716,903.24	10,179.90	4,250,000.00	4,250,000.00	533,096.78	533,096.78			3,716,903.24	
18604102	18608412	GAS WORKS PARK Remediation Costs	2,651,381.74	2,651,381.74	-	4,000,000.00	4,000,000.00	1,348,618.26	1,348,618.26			2,651,381.74	
18604203	18608442	Legal Costs	856,121.11	856,121.11	-	-	-	-	-			856,121.11	
	18608452	Internal Costs - pre-1997	366.95	366.95	-	-	-	-	-			366.95	
		SUBTOTAL Gas Works - Seattle	3,507,869.80	3,507,869.80	-	4,000,000.00	4,000,000.00	1,348,618.26	1,348,618.26			3,507,869.80	
18612102	18609512	QUENDALL TERMINALS Remediation costs	-	-	-	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00			-	
18609302	18609522	Legal Costs	59,043.75	59,043.75	-	-	-	-	-			59,043.75	
		SUBTOTAL	59,043.75	59,043.75	-	1,000,000.00	1,000,000.00	1,000,000.00	1,000,000.00			59,043.75	
18614102	18609312	LAKE UNION SEDIMENTS Remediation costs	9,965,647.18	10,323,857.47	338,210.29	35,000,000.00	35,000,000.00	24,676,142.53	24,676,142.53			10,323,857.47	
18614202	18600082	Legal Costs	665,123.59	665,123.59	-	-	-	-	-			665,123.59	
		SUBTOTAL	10,650,770.77	10,988,981.06	338,210.29	35,000,000.00	35,000,000.00	24,676,142.53	24,676,142.53			10,988,981.06	
18601102	18608112	TACOMA TAR PITS Remediation Costs through June 1999	34,826,945.69	34,826,945.69	-	3,250,000.00	3,250,000.00	168,107.35	168,107.35			34,826,945.69	
18601102	18608112	Remediation Costs post-June 1999	3,053,102.33	3,081,892.65	28,790.32	-	-	-	-			3,081,892.65	
18601203	18608142	Legal Costs	9,351,936.58	9,351,936.58	-	-	-	-	-			9,351,936.58	
	18608152	Internal Costs pre-1997	209,796.52	209,796.52	-	-	-	-	-			209,796.52	
		SUBTOTAL Tacoma Tide Flats	47,441,781.12	47,470,571.44	28,790.32	3,250,000.00	3,250,000.00	168,107.35	168,107.35			47,470,571.44	
18603202	18609532	BAY STATION Remediation costs	161,337.84	202,478.02	41,140.18	1,500,000.00	1,500,000.00	1,297,521.98	1,297,521.98			202,478.02	
18603203	18609552	Legal Costs	29,544.00	29,544.00	-	-	-	-	-			29,544.00	
		SUBTOTAL	190,881.84	232,022.02	41,140.18	1,500,000.00	1,500,000.00	1,297,521.98	1,297,521.98			232,022.02	

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
September 30, 2010

September 1998 - forward SAP ORDER	SAP ACCOUNT	Site Description	6/30/2010		Activity	9/30/2010		Env Services Project Cost Estimators 9/30/2010	Remaining 18608022 18236022 22840002	Amortization Through 9/30/2010 Dr. 40700002	Balance	
			Account Balance			Account Balance					9/30/2010	9/30/2010
18614402	18608542	OLYMPIA (COLUMBIA STREET MGP)	371,224.00		11,023.25	382,247.25	1,000,000.00	617,752.75			382,247.25	
18614403	18608562	Remediation costs					1,000,000.00					
		Legal Costs										
		SUBTOTAL	371,224.00		11,023.25	382,247.25	1,000,000.00	617,752.75			382,247.25	
18608302	18608752	VERBEEK AUTOMRECKING	202,695.35		1,484,857.71	1,687,557.06	1,750,000.00	62,442.94			1,687,557.06	
18608304	18608752 (f)	Remediation costs										
		Reimbursement of Remediation Costs from the 3rd party	(110,026.49)		(63,079.13)	(173,107.62)		173,107.62			(173,107.62)	
		Legal Costs	9,760.00			9,760.00					9,760.00	
18608303	18608762		102,430.86		1,421,778.58	1,524,209.44	1,750,000.00	235,550.56			1,524,209.44	
		SUBTOTAL	102,430.86		1,421,778.58	1,524,209.44	1,750,000.00	235,550.56			1,524,209.44	
18608022		Estimated Future Costs	40,930,327.70		(61,617,845.35)	39,312,482.35					\$ 39,312,482.35	
18608062		Unallocated Insurance and Third Party Recoveries	(64,473,021.57)			(64,473,021.57)					(64,473,021.57)	
		TOTAL - FORMER MANUFACTURED GAS SITES	\$ 53,076,837.94		\$ 308,956.97	\$ 53,385,794.91	\$ 67,350,000.00	\$ 39,312,482.35			\$ 53,385,794.91	

GAS UNDERGROUND STORAGE TANKS AND OTHER SITES													
		Total Costs		Curr. Cost Activity		Total Costs		Estimated Costs		Remaining Est		Ending Acct Bal	
		265,702.12		-		265,702.12		350,000.00		84,297.88		265,702.12	
18230212	18237112	SWARR STATION											
18230210	18236912	NORTH OPERATING BASE	169,602.13			169,602.13		50,000.00		50,000.00		169,602.13	
	18237122	SOUTH SEATTLE GATE STATION (e)	133,750.43			133,750.43						133,750.43	
	18237132	NORTH TACOMA GATE STATION (e)	53,985.63			53,985.63						53,985.63	
	18237142	NORTH SEATTLE GATE STATION (e)	67,987.45			67,987.45						67,987.45	
	18237152	COVINGTON GATE STATION (e)	134,297.88			134,297.88						134,297.88	
	18236022	UST - ESTIMATED FUTURE COSTS											
		TOTAL - GAS UNDERGROUND STORAGE TANKS AND OTHER SITES	\$ 825,335.64		\$ -	\$ 825,335.64	\$ 400,000.00	\$ 134,297.88		\$ 134,297.88		\$ 825,335.64	
18236032		ESTIMATED FUTURE INSURANCE RECOVERIES											
		TOTAL - GAS UNDERGROUND STORAGE TANKS AND OTHER SITES	\$ 53,902,173.58		\$ 308,956.97	\$ 54,211,130.55	\$ 67,760,000.00	\$ 39,446,760.23		\$ 39,446,760.23		\$ 54,211,130.55	

NOTES:

(a) Represents the low end of the probable future cost estimate range
(b) Represents balance in Account 18608022 after quarterly true-up
(c) Represents balance in Account 18236022 after quarterly true-up
(d) Represents sites where no additional remedial actions are planned. Currently anticipating entering into insurance recoveries discussion in 2014.
(e) Order 18608304 was approved 08/20/10 for reimbursement for remediation costs from the 3rd party. This order settles to Account # 18608752.
(f) Order 18607203 was re-opened in the 3rd Ql of 2010 for posting legal cost related to THEA FOSS WATERWAY.

PUGET SOUND ENERGY, INC.

Deferred Environmental Cost Summary Electric

September 30, 2010

September 2000 - forward Order Account	Site Description	(a) Account Balance 6/30/2010	(b) Quarterly Activity 3rd	(c) = (a) + (b) SAP Account Balance 9/30/2010	(d) Actual Costs Through 9/30/2010	(e) Future Cost Estimates	(f) = (d) + (e) Total Cost Estimates
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
18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	1,988,580.91	16,127.11	2,004,708.02	2,004,708.02	0.00	2,004,708.02
	Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,238,580.91	16,127.11	2,254,708.02	2,004,708.02	250,000.00	2,254,708.02
18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,156.13	0.00	120,156.13	0.00	120,156.13	120,156.13
18232271	Env Rem - Lower Duwamish Waterway	79,843.87	0.00	79,843.87	79,843.87	0.00	79,843.87
	Subtotal Lower Duwamish Waterway Site	200,000.00	0.00	200,000.00	79,843.87	120,156.13	200,000.00
18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	469,279.16	(35,024.59)	434,254.57	0.00	434,254.57	434,254.57
18608001	Env Rem - Lower Baker Power Plant	230,720.84	35,024.59	265,745.43	265,745.43	0.00	265,745.43
18601120	Subtotal Lower Baker Power Plant Site	700,000.00	0.00	700,000.00	265,745.43	434,254.57	700,000.00
18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	192,003.37	(158,069.71)	33,933.66	0.00	33,933.66	33,933.66
18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	507,996.63	158,069.71	666,066.34	666,066.34	0.00	666,066.34
	Subtotal Snoqualmie Hydro Generation Site	700,000.00	0.00	700,000.00	666,066.34	33,933.66	700,000.00
18608051	Env Rem - Bellingham South State Street MGP (former Boulevard Park) (Future Cost Est.)	358,293.93	(172,163.20)	186,130.73	0.00	186,130.73	186,130.73
18608041	Env Rem - Bellingham South State Street MGP (former Boulevard Park)	141,706.07	172,163.20	313,869.27	313,869.27	0.00	313,869.27
	Subtotal Bellingham South State Street MGP (former Boulevard Park) Site	500,000.00	0.00	500,000.00	313,869.27	186,130.73	500,000.00
18608111	Env Rem - Electron Flume (Future Cost Est.)	359,239.85	(50,280.34)	308,959.51	0.00	308,959.51	308,959.51
18608081	Env Rem - Electron Flume	440,760.15	50,280.34	491,040.49	491,040.49	0.00	491,040.49
	Subtotal Electron Flume Site	800,000.00	0.00	800,000.00	491,040.49	308,959.51	800,000.00
18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	127,191.24	0.00	127,191.24	0.00	127,191.24	127,191.24
18608141	Env Rem - Talbot Hill Substation and Switchyard	222,808.76	0.00	222,808.76	222,808.76	0.00	222,808.76
	Subtotal Talbot Hill Substation & Switchyard Site	350,000.00	0.00	350,000.00	222,808.76	127,191.24	350,000.00
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
18233051	Env Rem - Baker Lake Resort UST	97,518.88	(97,518.88)	0.00	0.00	0.00	0.00
18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	86,004.95	(1,240.25)	84,764.70	0.00	84,764.70	84,764.70
18233091	Env Rem - Tenino Service Center UST	163,995.05	1,240.25	165,235.30	165,235.30	0.00	165,235.30
	Subtotal Tenino Service Center UST	250,000.00	0.00	250,000.00	165,235.30	84,764.70	250,000.00
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
	Total assets	5,861,099.79	(81,391.77)	5,779,708.02	4,209,317.48	1,570,390.54	5,779,708.02
22840081	Env Rem - Puyallup Garages Site	(453,028.42)	0.00	(453,028.42)	0.00	468,000.00	468,000.00
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
22840031	Env Rem - Olympia Service Center UST	(129,471.05)	0.00	(129,471.05)	20,528.95	129,471.05	150,000.00
22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,577,787.49)	74,485.34	(4,503,302.15)	0.00	0.00	0.00
	Total Liabilities	(5,660,286.96)	74,485.34	(5,585,801.62)	14,604,001.63	1,097,471.05	15,701,472.68
	Grand Total	200,812.83	(6,906.43)	193,906.40	18,813,319.11	2,667,861.59	21,481,180.70

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.
 (B) Close out the Upper Baker Resort UST costs to PSE unallocated recoveries pool in Account 22841001.
 (C) Represents the costs of close out of the Upper Baker Resort UST and payments related to PSE's Aetha III lawsuits.