



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

July 15, 2011

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

RECEIVED
RECORDS MANAGEMENT
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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Mr. Danner:

Subject: Environmental Report for the quarter ending June 30, 2011

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,

John Rork
Manager – Environmental Services

cc: Jim Eldredge
Don Gaines
Steve Secrist
Lisa Wilson
Karl Karzmar
Lorna Luebbe
Mike Stranik
Della Cheung
John Story
Susan Free
Keith Kenway
Jeff Thomas
David Brenner

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
June 30, 2011

September 1998 - forward		3/31/2011		6/30/2011		Env Services Project Cost Estimates 6/30/2011		Cost Estimates		Amortization		Balance	
SAP ORDER	SAP ACCOUNT	Account Balance	Activity	Account Balance	(a)	Remaining	Through	Dr. 40700002	Closing				
Site Description													
FORMER MANUFACTURED GAS SITES:													
TACOMA GAS COMPANY (UPLAND SOURCE CONTROL)													
18606102	18608612	769,040.33	5,386.47	774,426.80	1,100,000.00	325,573.20			774,426.80				
18606203	18608642	15,888.20	-	15,888.20	1,100,000.00	325,573.20			15,888.20				
		784,928.53	5,386.47	790,315.00	1,100,000.00	325,573.20			790,315.00				
THEA FOSS WATERWAY													
18607102	18608712	3,985,101.16	25,614.90	4,010,716.06	10,000,000.00	5,989,283.94			4,010,716.06				
18607203	18608742	4,475,572.59	-	4,475,572.59	10,000,000.00	5,989,283.94			4,475,572.59				
	(g)	8,460,673.75	25,614.90	8,486,288.65	10,000,000.00	5,989,283.94			8,486,288.65				
EVERETT, WASHINGTON													
18602102	18608212	1,389,443.22	2,583.69	1,392,026.91	4,500,000.00	3,107,973.09			1,392,026.91				
18602203	18608242	8,717.50	-	8,717.50	4,500,000.00	3,107,973.09			8,717.50				
		1,398,160.72	2,583.69	1,400,744.41	4,500,000.00	3,107,973.09			1,400,744.41				
CHEHALIS, WASHINGTON													
18603102	18608312	3,747,194.95	19,536.58	3,766,731.53	4,250,000.00	483,268.47			3,766,731.53				
GAS WORKS PARK													
18604102	18608412	2,651,381.74	-	2,651,381.74	4,000,000.00	1,348,618.26			2,651,381.74				
18604203	18608442	856,121.11	-	856,121.11	4,000,000.00	1,348,618.26			856,121.11				
		366.95	-	366.95	4,000,000.00	1,348,618.26			366.95				
		3,507,869.80	-	3,507,869.80	4,000,000.00	1,348,618.26			3,507,869.80				
QUENDALL TERMINALS													
18612102	18609512	-	-	-	1,000,000.00	1,000,000.00			-				
18609302	18609522	59,043.75	-	59,043.75	1,000,000.00	1,000,000.00			59,043.75				
		59,043.75	-	59,043.75	1,000,000.00	1,000,000.00			59,043.75				
LAKE UNION SEDIMENTS													
18614102	18609312	11,146,998.10	281,994.27	11,428,992.37	35,000,000.00	23,571,007.63			11,428,992.37				
18614202	18600082	665,123.59	-	665,123.59	35,000,000.00	23,571,007.63			665,123.59				
		11,812,121.69	281,994.27	12,094,115.96	35,000,000.00	23,571,007.63			12,094,115.96				
TACOMA TAR PITS													
18601102	18608112	34,826,945.69	36,320.08	34,826,945.69	4,000,000.00	730,652.98			34,826,945.69				
18601102	18608112	3,233,026.94	-	3,269,347.02	4,000,000.00	730,652.98			3,269,347.02				
18601203	18608142	9,351,936.58	-	9,351,936.58	4,000,000.00	730,652.98			9,351,936.58				
		209,796.52	-	209,796.52	4,000,000.00	730,652.98			209,796.52				
		47,621,705.73	36,320.08	47,658,025.81	4,000,000.00	730,652.98			47,658,025.81				

PUGET SOUND ENERGY, INC.

Deferred Environmental Cost Summary Electric

September 2000 - forward		SA June 30, 2011		2nd		SAP		Actual Costs		Future		Total		Recoveries	
Order	Account	Site Description	Account Balance	Quarterly	Activity	Account Balance	Actual Through	Through	Estimates	Estimates	Cost	Estimates	Cost	Through	6/30/2011
			3/31/2011	(a)	(b)	(c) = (a) + (b)	6/30/2011	(d)	(e)	(f) = (d) + (e)	(g)	(h) = (c) + (f)	(i)	(j)	(k)
18232221	18232221	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.)	250,000.00	0.00	0.00	250,000.00	0.00	0.00	250,000.00	0.00	250,000.00	0.00	0.00	0.00	0.00
18232251	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,015,333.87	5,190.80	2,020,524.67	2,020,524.67	2,020,524.67	2,020,524.67	0.00	2,020,524.67	0.00	2,020,524.67	0.00	0.00	0.00
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,265,333.87	5,190.80	2,270,524.67	2,270,524.67	2,270,524.67	2,270,524.67	250,000.00	2,270,524.67	250,000.00	2,270,524.67	0.00	0.00	0.00
18232261	18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,156.13	0.00	120,156.13	120,156.13	0.00	0.00	120,156.13	0.00	120,156.13	0.00	0.00	0.00	0.00
		Env Rem - Lower Duwamish Waterway	79,843.87	0.00	79,843.87	79,843.87	79,843.87	79,843.87	0.00	79,843.87	0.00	79,843.87	0.00	0.00	0.00
		Subtotal Lower Duwamish Waterway Site	200,000.00	0.00	200,000.00	200,000.00	79,843.87	79,843.87	120,156.13	200,000.00	120,156.13	200,000.00	0.00	0.00	0.00
18608011	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	424,548.19	(5,870.47)	418,677.72	418,677.72	0.00	0.00	418,677.72	0.00	418,677.72	0.00	0.00	0.00	0.00
		Env Rem - Lower Baker Power Plant	275,451.81	5,870.47	281,322.28	281,322.28	281,322.28	281,322.28	0.00	281,322.28	0.00	281,322.28	0.00	0.00	0.00
		Subtotal Lower Baker Power Plant Site	700,000.00	0.00	700,000.00	700,000.00	281,322.28	281,322.28	418,677.72	700,000.00	418,677.72	700,000.00	0.00	0.00	0.00
18608031	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	122,390.03	45,295.01	167,685.04	167,685.04	0.00	0.00	167,685.04	0.00	167,685.04	0.00	0.00	0.00	0.00
		Env Rem - Snoqualmie Hydro Generation (Power Plant)	1,477,609.97	354,704.99	1,832,314.96	1,832,314.96	1,832,314.96	1,832,314.96	0.00	1,832,314.96	0.00	1,832,314.96	0.00	0.00	0.00
		Subtotal Snoqualmie Hydro Generation Site	1,600,000.00	400,000.00	2,000,000.00	2,000,000.00	1,832,314.96	1,832,314.96	167,685.04	2,000,000.00	167,685.04	2,000,000.00	0.00	0.00	0.00
18601122	18608051	Env Rem - Bellingham South State Street MGP (former Boulevard Park) (Future Cost Est.)	692,789.47	(147,507.40)	545,282.07	545,282.07	0.00	0.00	545,282.07	0.00	545,282.07	0.00	0.00	0.00	0.00
	18608041	Env Rem - Bellingham South State Street MGP (former Boulevard Park)	807,210.53	147,507.40	954,717.93	954,717.93	954,717.93	954,717.93	0.00	954,717.93	0.00	954,717.93	0.00	0.00	0.00
		Subtotal Bellingham South State Street MGP (former Boulevard Park) Site	1,500,000.00	0.00	1,500,000.00	1,500,000.00	954,717.93	954,717.93	545,282.07	1,500,000.00	545,282.07	1,500,000.00	0.00	0.00	0.00
18601125	18608111	Env Rem - Electron Flume (Future Cost Est.)	267,699.88	(37,505.33)	230,194.55	230,194.55	0.00	0.00	230,194.55	0.00	230,194.55	0.00	0.00	0.00	0.00
	18608081	Env Rem - Electron Flume	532,300.12	37,505.33	569,805.45	569,805.45	569,805.45	569,805.45	0.00	569,805.45	0.00	569,805.45	0.00	0.00	0.00
		Subtotal Electron Flume Site	800,000.00	0.00	800,000.00	800,000.00	569,805.45	569,805.45	230,194.55	800,000.00	230,194.55	800,000.00	0.00	0.00	0.00
18601128	18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	125,120.24	0.00	125,120.24	125,120.24	0.00	0.00	125,120.24	0.00	125,120.24	0.00	0.00	0.00	0.00
	18608141	Env Rem - Talbot Hill Substation and Switchyard	224,879.76	0.00	224,879.76	224,879.76	224,879.76	224,879.76	0.00	224,879.76	0.00	224,879.76	0.00	0.00	0.00
		Subtotal Talbot Hill Substation & Switchyard Site	350,000.00	0.00	350,000.00	350,000.00	224,879.76	224,879.76	125,120.24	350,000.00	125,120.24	350,000.00	0.00	0.00	0.00
18601129	18608161	Env Rem - Everett Asarco (Future Cost Est.)	0.00	175,000.00	175,000.00	175,000.00	0.00	0.00	175,000.00	0.00	175,000.00	0.00	0.00	0.00	0.00
	18608171	Env Rem - Everett Asarco	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Subtotal Everett Asarco Site	0.00	175,000.00	175,000.00	175,000.00	0.00	0.00	175,000.00	0.00	175,000.00	0.00	0.00	0.00	0.00
18601130	18608181	Env Rem - Sammamish Substation (Future Cost Est.)	0.00	433,000.00	433,000.00	433,000.00	0.00	0.00	433,000.00	0.00	433,000.00	0.00	0.00	0.00	0.00
	18608191	Env Rem - Sammamish Substation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Subtotal Sammamish Substation Site	0.00	433,000.00	433,000.00	433,000.00	0.00	0.00	433,000.00	0.00	433,000.00	0.00	0.00	0.00	0.00
18230311	18230311	Env Rem - Whidbey Service Center UST (Future Cost Est.)	15,000.00	0.00	15,000.00	15,000.00	0.00	0.00	15,000.00	0.00	15,000.00	0.00	0.00	0.00	0.00
18230321	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	84,309.95	(464.25)	83,845.70	83,845.70	0.00	0.00	83,845.70	0.00	83,845.70	0.00	0.00	0.00	0.00
	182303091	Env Rem - Tenino Service Center UST	165,690.05	464.25	166,154.30	166,154.30	166,154.30	166,154.30	0.00	166,154.30	0.00	166,154.30	0.00	0.00	0.00
		Subtotal Tenino Service Center UST	250,000.00	0.00	250,000.00	250,000.00	166,154.30	166,154.30	83,845.70	250,000.00	83,845.70	250,000.00	0.00	0.00	0.00
18233061	18233061	Env Rem - Poulsbo Service Center UST (Future Cost Est.)	10,000.00	0.00	10,000.00	10,000.00	0.00	0.00	10,000.00	0.00	10,000.00	0.00	0.00	0.00	0.00
		Total assets	7,690,333.87	1,013,190.80	8,703,524.67	8,703,524.67	6,129,563.22	6,129,563.22	2,573,961.45	8,703,524.67	2,573,961.45	8,703,524.67	0.00	0.00	0.00
22840081	22840081	Env Rem - Puyallup Garage Site	(453,028.42)	0.00	(453,028.42)	(453,028.42)	0.00	0.00	468,000.00	(453,028.42)	468,000.00	(350,000.00)	(350,000.00)	(350,000.00)	(350,000.00)
22840131	22840131	Env Rem - Crystal Mountain Generator Station Site	(500,000.00)	0.00	(500,000.00)	(500,000.00)	14,583,472.68	14,583,472.68	500,000.00	15,083,472.68	500,000.00	(11,938,563.00)	(11,938,563.00)	(11,938,563.00)	(11,938,563.00)
22840031	22840031	Env Rem - Olympia Service Center UST	(129,471.05)	0.00	(129,471.05)	(129,471.05)	20,528.95	20,528.95	129,471.05	150,000.00	129,471.05	(150,000.00)	(150,000.00)	(150,000.00)	(150,000.00)
22841001	22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,513,190.77)	(29,323.14)	(4,542,513.91)	(4,542,513.91)	0.00	0.00	0.00	(4,542,513.91)	0.00	(4,542,513.91)	(4,542,513.91)	(4,542,513.91)	(4,542,513.91)
		Total Liabilities	(5,595,690.24)	(29,323.14)	(5,625,013.38)	(5,625,013.38)	14,604,001.63	14,604,001.63	1,097,471.05	15,701,472.68	1,097,471.05	(16,981,076.91)	(16,981,076.91)	(16,981,076.91)	(16,981,076.91)
		Grand Total	2,094,643.63	983,867.66	3,078,511.29	3,078,511.29	20,733,564.85	20,733,564.85	3,671,432.50	24,404,997.35	3,671,432.50	(16,981,076.91)	(16,981,076.91)	(16,981,076.91)	(16,981,076.91)

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) Represents allocated proceeds from the insurance recoveries.
- (C) New deferral accounts were setup for Everett Asarco site. On April 14, 2011 ASARCO LLC filed a claim against PSE alleging that a predecessor owned and operated a smelter in Everett prior to ASARCO taking ownership. PSE is currently researching the allegations.
- (D) New deferral accounts were setup for Sammamish Substation site. On June 16th, 2011, a 230-KV transmission system transformer failed. A spare transformer that was in inventory will replace the failed transformer.
- (E) Includes \$29.4K receipt of check dated 4/1/11 from Barclays - Insurance recovery for Aetna III - electric environmental remediation lawsuit settlement.

PUGET SOUND ENERGY, INC.

DEFERRED ENVIRONMENTAL COST SUMMARY GAS

June 30, 2011

SAP ORDER	SAP ACCOUNT	Site Description	3/31/2011 Account Balance	Activity	6/30/2011 Account Balance	Env Services Project Cost Estimates 6/30/2011	Remaining 18608022 18236022 22840002	Amortization Through 6/30/2011 Dr. 40700002	Balance 6/30/2011 Closing
18603202	18609532	BAY STATION Remediation costs	229,409.41		229,409.41	1,500,000.00	1,270,590.59		229,409.41
18603203	18609552	Legal Costs	29,544.00		29,544.00	1,500,000.00	1,270,590.59		29,544.00
		SUBTOTAL	258,953.41	-	258,953.41	1,500,000.00	1,270,590.59		258,953.41
18614402	18609542	OLYMPIA (COLUMBIA STREET MGP) Remediation costs	445,025.24	25,796.72	470,821.96	1,000,000.00	529,178.04		470,821.96
18614403	18609562	Legal Costs	-	25,796.72	470,821.96	1,000,000.00	529,178.04		470,821.96
		SUBTOTAL	445,025.24	25,796.72	470,821.96	1,000,000.00	529,178.04		470,821.96
18608302	18608752	VERBEEK AUTOWRECKING Remediation costs	2,014,875.52	4,376.72	2,019,252.24	2,200,000.00	180,747.76		2,019,252.24
18608304	18608752	3rd party	(173,107.62)		(173,107.62)		173,107.62		(173,107.62)
18608303	18608752	Legal Costs	9,760.00		9,760.00		-		9,760.00
		SUBTOTAL	1,851,527.90	4,376.72	1,855,904.62	2,200,000.00	353,855.38		1,855,904.62
18608022		Estimated Future Costs	38,361,611.01	\$348,390.57	38,710,001.58				\$ 38,710,001.58
18608062		Unallocated Insurance and Third Party Recoveries	(64,479,874.75)	(247.43)	(64,480,122.18)				(64,480,122.18)
		SITES	\$ 53,828,941.73	\$ 749,752.57	\$ 54,578,694.30	\$ 68,550,000.00	\$ 38,710,001.58	(b)	\$ 54,578,694.30
18230212	18237112	GAS UNDERGROUND STORAGE TANKS AND OTHER SITES SWARR STATION	Total Costs 289,991.97	Curr Cost Activity 6,830.60	Total Costs 276,822.57	Estimated Costs 350,000.00	Remaining Est 73,177.43	Accm Depr	Ending Acct Bal 276,822.57
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	130,006.03	(6,830.60)	123,177.43	-	123,177.43	-	123,177.43
18236032		RECOVERIES							
		TANKS	\$ 825,335.64	\$ -	\$ 825,335.64	\$ 400,000.00	\$ 123,177.43	\$ -	\$ 825,335.64
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 54,211,130.55	\$ 749,752.57	\$ 55,404,029.94	\$ 68,950,000.00	\$ 38,833,179.01	(d)	\$ 55,404,029.94

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 balance in Account 22840002 after quarterly true-up
- (e) Represents sites where no additional remedial actions are planned. Currently anticipating entering into insurance recoveries discussion in 2014.
- (f) Order 18608304 was approved 06/20/10 for reimbursement for remediation costs from the 3rd party. This order settles to Account # 18608752.
- (g) Order 18607203 was re-opened in the 3rd Qtr of 2010 for posting legal cost related to THEA FOSS WATERWAY.

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
(Updated June 2011)

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. One year GW Monitoring (3 existing wells & 1 new well) and well abandonment. B. Remedial excavation completed in Q4 2009.	A. 30,000 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. 50,000
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

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 (\$)
Port Townsend Service Center Port Townsend, WA	6,000 gal. Gas & Diesel USTs	None	0
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) **\$110,000**
 B. Remediation Only (No Monitoring) **\$225,000**
 A. & B. Groundwater Monitoring Followed by Remediation **\$335,000**

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.