

October 19, 2011

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

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STATE OF WASH.
UTIL. AND TRANSP.
COMMISSION

Dear Mr. Danner:

Subject: Environmental Report for the quarter ending September 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

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

September 1998 - forward		6/30/2011		9/30/2011		Env Services		Cost Estimates		Amortization	
SAP ORDER	SAP ACCOUNT	Account Balance	Activity	Account Balance	Cost Estimates	Project	Remaining	Through	Balance	Through	Balance
Site Description						9/30/2011	18608022	9/30/2011	9/30/2011	9/30/2011	9/30/2011
						22840002	18236022	Dr. 40700002	Closing		
FORMER MANUFACTURED GAS SITES:											
TACOMA GAS COMPANY (UPLAND SOURCE CONTROL)											
18606102	18608612	774,426.80		774,426.80	1,100,000.00		326,573.20		774,426.80		
18606203	18608642	15,888.20		15,888.20					15,888.20		
	SUBTOTAL	790,315.00		790,315.00	1,100,000.00		326,573.20		790,315.00		
THEA FOSS WATERWAY											
18607102	18608712	4,010,716.06	24,039.72	4,034,755.78	10,000,000.00		5,965,244.22		4,034,755.78		
18607203	18608742	4,475,572.59	23,631.00	4,499,203.59					4,499,203.59		
	SUBTOTAL	8,486,288.65	47,670.72	8,533,959.37	10,000,000.00		5,965,244.22		8,533,959.37		
EVERETT, WASHINGTON											
18602102	18608212	1,392,026.91	10,433.43	1,402,460.34	4,500,000.00		3,097,539.66		1,402,460.34		
18602203	18608242	8,717.50		8,717.50					8,717.50		
	SUBTOTAL Everett	1,400,744.41	10,433.43	1,411,177.84	4,500,000.00		3,097,539.66		1,411,177.84		
CHEHALIS, WASHINGTON											
18603102	18608312	3,786,731.53	30,020.30	3,796,751.83	4,250,000.00		453,248.17		3,796,751.83		
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					856,121.11		
	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		1,348,618.26		3,507,869.80		
QUEENDALL TERMINALS											
18612102	18609512	-		-	1,000,000.00		1,000,000.00		-		
18609302	18609522	59,043.75		59,043.75					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	11,428,992.37	266,085.77	11,695,078.14	35,000,000.00		23,304,921.86		11,695,078.14		
18614202	18600082	665,123.59		665,123.59					665,123.59		
	SUBTOTAL	12,094,115.96	266,085.77	12,360,201.73	35,000,000.00		23,304,921.86		12,360,201.73		
TACOMA TARPITS											
18601102	18608112	34,826,945.69		34,826,945.69	4,000,000.00		710,213.04		34,826,945.69		
18601102	18608112	3,269,347.02	20,439.94	3,289,786.96					3,289,786.96		
18601203	18608142	9,351,936.58		9,351,936.58					9,351,936.58		
	Internal Costs pre-1997	209,796.52		209,796.52					209,796.52		
	SUBTOTAL Tacoma Tide Flats	47,658,025.81	20,439.94	47,678,465.75	4,000,000.00		710,213.04		47,678,465.75		
BAY STATION											
18603202	18609532	229,409.41		229,409.41	1,500,000.00		1,270,590.59		229,409.41		
18603203	18609552	29,544.00		29,544.00					29,544.00		

PUGET SOUND ENERGY, INC.

DEFERRED ENVIRONMENTAL COST SUMMARY GAS

September 30, 2011

SAP ORDER	SAP ACCOUNT	Site Description	6/30/2011 Account Balance	Activity	9/30/2011 Account Balance	Env Services Project Cost Estimates 9/30/2011	Remaining Balance 18608022 18236022 22840002	Amortization Through 9/30/2011 Dr. 40700002	Balance 9/30/2011 Closing
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		SUBTOTAL	258,953.41	-	258,953.41	1,500,000.00	1,270,590.59		258,953.41
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18614402	18609542	OLYMPIA (COLUMBIA STREET MGP)	470,821.96	34,103.17	504,925.13	1,750,000.00	1,245,074.87		504,925.13
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18614403	18609562	Remediation costs	-	-	-	-	-		-
		Legal Costs	470,821.96	34,103.17	504,925.13	1,750,000.00	1,245,074.87		504,925.13
		SUBTOTAL	470,821.96	34,103.17	504,925.13	1,750,000.00	1,245,074.87		504,925.13

18608302	18608752	VERBEEK AUTOWRECKING	2,019,252.24	1,990.66	2,021,242.90	1,200,000.00	(821,242.90)		2,021,242.90
18608304	18608752	Remediation costs	(173,107.62)	(941,485.05)	(1,114,592.67)	-	1,114,592.67		(1,114,592.67)
		3rd party	9,760.00	-	9,760.00	-	-		9,760.00
18608303	18608762	Legal Costs	1,855,904.62	(939,494.39)	916,410.23	1,200,000.00	293,349.77		916,410.23
		SUBTOTAL	1,855,904.62	(939,494.39)	916,410.23	1,200,000.00	293,349.77		916,410.23

18608022		Estimated Future Costs	38,710,001.58	\$304,372.06	39,014,373.64	-	-		\$ 39,014,373.64
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18608062		Unallocated Insurance and Third Party Recoveries	(64,480,122.18)	(49,622.31)	(64,529,744.49)	-	-		(64,529,744.49)
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		SITES	\$ 54,578,694.30	\$ (275,991.31)	\$ 54,302,702.99	\$ 68,300,000.00	\$ 39,014,373.64	(b)	\$ 54,302,702.99
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GAS UNDERGROUND STORAGE TANKS AND OTHER SITES		Total Costs	Curr Cost Activity	Total Costs	Estimated Costs	Remaining Est	Accm Depr	Ending Acct Bal
18230212	18237112	276,822.57	2,167.88	278,990.45	350,000.00	71,009.55	-	278,990.45
18230210	18236912	-	-	-	50,000.00	50,000.00	-	-
	18237122	169,602.13	-	169,602.13	-	-	-	169,602.13
	18237132	133,750.43	-	133,750.43	-	-	-	133,750.43
	18237142	53,995.63	-	53,995.63	-	-	-	53,995.63
	18237152	67,987.45	-	67,987.45	-	-	-	67,987.45
	18236022	123,177.43	(2,167.88)	121,009.55	-	121,009.55	-	121,009.55
		TANKS	\$ 825,335.64	\$ -	\$ 825,335.64	\$ 400,000.00	\$ 121,009.55	\$ 825,335.64
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 55,404,029.94	\$ (275,991.31)	\$ 55,128,038.63	\$ 68,700,000.00	\$ 39,135,383.19	\$ 55,128,038.63

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, INC.
Deferred Environmental Cost Summary Electric
September 30, 2011

September 2000 - forward		Site Description	SAP		Actual Costs Through 9/30/2011	Future Cost Estimates	Total		Recoveries Through 9/30/2011
Order	Account		Account Balance 6/30/2011	3rd Quarterly Activity			(c) = (a) + (b)	(d)	
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	250,000.00	0.00	0.00
18230009	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,020,524.67	5,674.00	2,026,198.67	0.00	2,026,198.67	0.00	0.00
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,270,524.67	5,674.00	2,026,198.67	250,000.00	2,276,198.67	0.00	0.00
18230021	18232261	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,156.13	0.00	0.00	120,156.13	120,156.13	0.00	0.00
	18232271	Env Rem - Lower Duwamish Waterway	79,843.87	0.00	79,843.87	0.00	79,843.87	0.00	0.00
		Subtotal Lower Duwamish Waterway Site	200,000.00	0.00	79,843.87	120,156.13	200,000.00	0.00	0.00
18601120	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	418,677.72	(8,549.70)	0.00	410,128.02	410,128.02	0.00	0.00
	18608001	Env Rem - Lower Baker Power Plant	281,322.28	8,549.70	289,871.98	0.00	289,871.98	0.00	0.00
		Subtotal Lower Baker Power Plant Site	700,000.00	0.00	289,871.98	410,128.02	700,000.00	0.00	0.00
18601121	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	167,685.04	714,081.28	0.00	881,766.32	881,766.32	0.00	0.00
	18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant)	1,832,314.96	35,918.72	1,868,233.68	0.00	1,868,233.68	0.00	0.00
		Subtotal Snoqualmie Hydro Generation Site	2,000,000.00	750,000.00	1,868,233.68	881,766.32	2,750,000.00	0.00	0.00
18601122	18608051	Env Rem - Bellingham South State Street MGP (former Boulevard Park) (Future Cost Est.)	545,282.07	(122,097.93)	0.00	423,184.14	423,184.14	0.00	0.00
	18608041	Env Rem - Bellingham South State Street MGP (former Boulevard Park)	954,717.93	122,087.93	1,076,815.86	0.00	1,076,815.86	0.00	0.00
		Subtotal Bellingham South State Street MGP (former Boulevard Park) Site	1,500,000.00	0.00	1,076,815.86	423,184.14	1,500,000.00	0.00	0.00
18601125	18608111	Env Rem - Election Flume (Future Cost Est.)	230,194.55	(37,358.70)	0.00	192,835.85	192,835.85	0.00	0.00
	18608081	Env Rem - Election Flume	569,895.45	37,358.70	607,164.15	0.00	607,164.15	0.00	0.00
		Subtotal Election Flume Site	800,000.00	0.00	607,164.15	192,835.85	800,000.00	0.00	0.00
18601128	18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	125,120.24	0.00	0.00	125,120.24	125,120.24	0.00	0.00
	18608141	Env Rem - Talbot Hill Substation and Switchyard	224,879.76	0.00	224,879.76	0.00	224,879.76	0.00	0.00
		Subtotal Talbot Hill Substation & Switchyard Site	350,000.00	0.00	224,879.76	125,120.24	350,000.00	0.00	0.00
18601129	18608161	Env Rem - Everett Asarco (Future Cost Est.)	175,000.00	(41,612.42)	0.00	133,387.58	133,387.58	0.00	0.00
	18608171	Env Rem - Everett Asarco	0.00	41,612.42	41,612.42	0.00	41,612.42	0.00	0.00
		Subtotal Everett Asarco Site	175,000.00	0.00	41,612.42	133,387.58	175,000.00	0.00	0.00
18601130	18608181	Env Rem - Sammamish Substation (Future Cost Est.)	433,000.00	(306,097.96)	0.00	126,902.04	126,902.04	0.00	0.00
	18608191	Env Rem - Sammamish Substation	0.00	306,097.96	306,097.96	0.00	306,097.96	0.00	0.00
		Subtotal Sammamish Substation Site	433,000.00	0.00	306,097.96	126,902.04	433,000.00	0.00	0.00
18601151	18608201	Env Rem - Pt. Robinson Cable Station (Future Cost Est.)	0.00	68,873.09	0.00	68,873.09	68,873.09	0.00	0.00
	18608211	Env Rem - Pt. Robinson Cable Station	0.00	106,126.91	106,126.91	0.00	106,126.91	0.00	0.00
		Subtotal Pt. Robinson Cable Station	0.00	175,000.00	106,126.91	68,873.09	175,000.00	0.00	0.00
18230011	18230311	Env Rem - Whidbey Service Center UST (Future Cost Est.)	15,000.00	0.00	0.00	15,000.00	15,000.00	0.00	0.00
18230041	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	83,845.70	(13,789.81)	0.00	70,055.89	70,055.89	0.00	0.00
	18233091	Env Rem - Tenino Service Center UST	166,154.30	13,789.81	179,944.11	0.00	179,944.11	0.00	0.00
		Subtotal Tenino Service Center UST	250,000.00	0.00	179,944.11	70,055.89	250,000.00	0.00	0.00
18233061	18233061	Env Rem - Poulsbo Service Center UST (Future Cost Est.)	10,000.00	0.00	0.00	10,000.00	10,000.00	0.00	0.00
		Total assets	8,703,524.67	930,674.00	6,806,789.37	2,827,409.30	9,634,198.67	0.00	0.00
22840081	22840081	Env Rem - Puyallup Garage Site	(453,028.42)	0.00	0.00	468,000.00	468,000.00	(350,000.00)	(350,000.00)
22840131	22840131	Env Rem - Crystal Mountain Generator Station Site	(500,000.00)	0.00	14,583,472.68	500,000.00	15,083,472.68	(11,938,563.00)	(11,938,563.00)
22840031	22840031	Env Rem - Olympia Service Center UST	(129,471.05)	0.00	20,528.95	129,471.05	150,000.00	(150,000.00)	(150,000.00)
	22841001	Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,542,513.91)	0.00	0.00	0.00	0.00	(4,542,513.91)	(4,542,513.91)
		Total Liabilities	(5,625,013.38)	0.00	14,604,001.63	1,097,471.05	15,701,472.68	(16,981,076.91)	(16,981,076.91)
		Grand Total	3,078,511.29	930,674.00	21,410,791.00	3,924,880.35	25,335,671.35	(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) New deferral accounts were setup for Pt. Robinson cable station site. On August 2, 2011, PSE performed a remediation of the contamination and is currently monitoring the site while the repairs to the cables are performed.
This contamination originates from leaks from the oil filled submarine cable feeding Vashon Island.

PUGET SOUND ENERGY UST REMEDIAL COST ESTIMATES (Page 1 of 2)
 (Updated September 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.