



PUGET SOUND ENERGY

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January 23, 2012

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

RECEIVED
REGULATORY DIVISION
2012 JAN 25 AM 9:23
STATE OF WASHINGTON
UTILITY AND TRANSPORTATION
COMMISSION

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

Environmental Report for the quarter ending December 31, 2011

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 that does not require additional deferred accounting petitions, provided the requisite criteria is met. This Order was issued under the following Docket Numbers: UE-070724, UE-072060, and UE- 081016. In short, the electric deferred system now operates much like the PSE gas deferred accounting order.

FORMER WNG SITES

A. Tacoma Gas Company Site (Upland Source Control)

As PSE continues to work with the Washington Department of Ecology (WDOE) on developing the Remedial Investigation/Feasibility Study (RI/FS) documents, additional information has become available that suggests an adjustment to the estimate is appropriate at this time. PSE believes that a range of costs shown below more accurately reflects the potential range of risks faced by PSE at this site.

Actual cost balance 9/30/11	\$774,427
Add: Costs incurred in 4th Qtr	\$0
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$774,427
Estimate:	\$ 1,500,000 - \$ 2,500,000

B. Thea Foss Waterway

On November 16th, 2007 the Commencement Bay Natural Resource Trustees delivered the revised Natural Resource Damage (NRD) Settlement Proposal Report to the PRPs. Since then, PSE has continued to participate as part of the steering committee that was formed to represent the greater PRP group. The PRP group submitted a settlement offer to the Trustees in the second quarter of 2010 and is actively engaged in negotiations with the Trustees.

PSE and PacifiCorp initiated a lawsuit against Washington Department of Transportation (WSDOT) to recover damages for the State's actions that we alleged contributed to contamination in the Waterway. The Court entered a judgment against DOT and granted the Utilities a recovery of attorney's fees and costs.

In 2009, EPA completed its mandated five year review of the Thea Foss remedy. This review addressed the storm-water recontamination issue, and did not require further remedial action by PSE.

As required by the EPA approved Operation and Monitoring Plan (OMMP), in May 2011 Year 7 OMMP) the Utilities completed site inspections and sediment sampling near the head of the waterway. The analytical data was reviewed and analyzed. The data continued to show that the Utilities' remedy is functioning as intended and that the recontamination source remains storm water.

Actual cost balance 9/30/11	\$4,034,756
Add: Costs incurred in 4th Qtr	10,272
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$4,045,028
Estimate:	\$10,000,000 (No Change)

C. Everett, Washington

The remedy implemented was a containment wall with groundwater monitoring at both ends. PSE continues regular monitoring of the results of the remediation already performed. Annual groundwater sampling performed continues to show the remedy is containing contaminated groundwater.

Actual cost balance 9/30/11	\$1,402,460
Add: Costs incurred in 4th Qtr	\$6,940
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$1,409,401
Estimate:	\$4,500,000 (No Change)

D. Chehalis, Washington

Construction of the remedy was completed in October 2010. PSE is currently preparing a report documenting the construction activities for submittal to WDOE.

Actual cost balance 9/30/11	\$3,796,752
Add: Costs incurred in 4th Qtr	\$34,441
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$3,740,224
Estimate:	\$4,250,000 (No Change)

E. Gas Works Park

The cleanup action, consisting of a soil cap, a groundwater remediation system, and monitored natural attenuation, was implemented in 2001. Operation, maintenance and monitoring activities, including groundwater monitoring, maintenance of the soil cap, mitigation of exposed tar, and the groundwater remediation system, are the responsibility of the City of Seattle, pursuant to an agreement with PSE. The groundwater remediation system was shutdown in late 2006 by the City of Seattle.

In response to comments from EPA, WDOE hired an independent consultant to prepare a remedial investigation (RI) report including a human health and ecological risk assessment for Gas Works Park. WDOE is in the process of updating the draft RI report, preparing a data gaps report, and responding to EPA comment letters. The data gaps report will include recommendations for any further investigation of soil and groundwater. WDOE has also initiated design of a soil cap for the northeastern portion of GWP.

Actual cost balance 9/30/11	\$2,651,382
Add: Costs incurred in 4th Qtr	\$0
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$2,651,382
Estimate:	\$4,000,000 (No Change)

F. Quendall Terminals

On December 23, 2010, PSE received a 104e Information Request from the EPA. EPA requested information regarding PSE's past ownership and operation of the manufactured gas plant that was operated on the site now known as Gas Works Park. PSE sold tar from Gas Works to the Quendall facility and did not transport it or dispose of it as a waste. EPA listed Quendall Terminals as an NPL (i.e., Superfund) Site on April 19, 2006. PSE believes that a range of costs more accurately reflects the potential range of risks faced by PSE at this site.

Actual cost balance 9/30/11	\$0
Add: Costs incurred in 4th Qtr	\$0
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$0
Estimate:	\$1,000,000 – \$3,500,000 (No Change)

G. Lake Union Sediments

PSE is conducting an RI/FS under the Agreed Order between WDOE, PSE and the City of Seattle executed on March 18, 2005. PSE submitted a Draft RI/FS report for the Eastern Study Area offshore of Gas Works Park to WDOE in 2006 and the City of Seattle submitted their draft RI/FS report for the adjacent Western Study Area to WDOE in 2007.

EPA submitted comments on the RI/FS's and uplands (Gas Works Park Site) in June 2009. In response to these comments, PSE and the City of Seattle completed a supplemental hydrogeologic investigation and risk assessment work in 2010. Results of the hydrogeologic investigation were used to refine the conceptual site model and develop a site-wide groundwater flow model. Results of the risk assessment work were submitted to WDOE, EPA, and the Muckleshoot Indian Tribe in November 2010. PSE and the City are currently addressing WDOE and the Muckleshoot Indian Tribe comments; EPA has not engaged in the review process.

PSE received a letter from the Washington Department of Natural Resources in December 2010 agreeing to charge only its administrative costs for a long-term easement for capping contaminated sediments on state-owned aquatic land offshore of Gas Works Park if PSE and the City agree to not seek cost recovery for remedial actions.

Actual cost balance 9/30/11	\$11,695,078
Add: Costs incurred in 4th Qtr	\$273,760
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$11,968,838
Estimate:	\$35,000,000 - \$45,000,000 (No Change)

H. Tacoma Tar Pits

EPA completed its Superfund mandated 5 year review in 2009. The overall purpose of the review is to assess whether the remedy implemented at the site is still protective of human health and the environment. The five year review concluded that the remedy is still protective. The next five year review is scheduled for 2014.

In April PSE met with EPA to generally discuss project status. At the meeting EPA requested that PSE prepare work plans to address two issues. The first work plan is directed at assessing the permeability of the asphalt lining of the detention basins, while the second work plan is directed at assessing the potential of contaminated groundwater to move through sanitary sewer pipe bedding material towards the Puyallup River. Both plans have been submitted to EPA. The asphalt testing work plan was approved and is in the process of being implemented. PSE is still working with EPA to reach consensus on the details of testing the sewer trench. PSE is currently scheduling this work to take place during the first quarter of 2012.

Actual cost balance 9/30/11	\$38,116,733
Add: Costs incurred in 4th Qtr	\$58,040
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$38,174,773
Estimate Future Cost	\$4,000,000

I. Swarr Station

Lead and petroleum-contaminated soil was removed from the site in 2003. However, arsenic-contaminated groundwater remains beneath the site. PSE is continuing to collect and evaluate data to determine whether the arsenic plume requires active remediation or if it can be managed by the ongoing groundwater monitoring activities.

Actual cost balance 9/30/11	\$278,990
Add: Costs incurred in 4th Qtr	\$331
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$279,321
Estimate:	\$350,000 to \$500,000

J. Bay Station

In the early 1900's, PSE's predecessors owned and operated an MGP in Seattle along the waterfront now known as Elliot Ave. PSE was contacted by the property owners regarding contamination in the subsurface at this location that appears to be associated with the former MGP.

On June 23, 2010 PSE purchased the property and will be using the site as a material storage yard in support of PSE operations while PSE remediates the site. A preliminary site investigation was performed in August. The analytical results of soil samples have been received and confirmed the presence of contamination consistent with MGP releases. A report was prepared documenting the results of this investigation.

Actual cost balance 9/30/11	\$229,409
Add: Costs incurred in 4th Qtr	\$0
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$229,409
Estimate:	\$ 1,500,000 - \$ 4,000,000

K. Olympia (Columbia Street)

From 1908 to approximately 1924, an MGP was located at this property in Olympia. In late 2006, PSE received a letter from a firm representing the owners at that time stating that contamination found in soil and groundwater was attributable to PSE's predecessors' ownership and operation on this site. In response to the owners' request, PSE conducted an initial investigation of environmental conditions beneath the property in 2008. The initial investigation identified impacts likely attributable to MGP operations in the upper soil profile. Some groundwater impacts exist beneath the property, including elevated arsenic concentrations. PSE has entered WDOE's Voluntary Cleanup Program and received agency comments on the initial investigation in February 2009.

PSE conducted further investigations on and off the property between 2009 and early 2011 to assess whether MGP-related impacts extend laterally beyond the property boundaries and to obtain remedial design information. The results of these investigations indicate that MGP-related impacts do appear to extend beyond the property boundaries in soil in two areas. The full lateral extent of these impacts has not been identified. PSE submitted a draft Cleanup Action Plan to remediate soil within the property boundaries of the former MGP property in 2012, and has begun planning for the property cleanup action.

Actual cost balance 9/30/11	\$504,925
Add: Costs incurred in 4th Qtr	\$40,359
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$545,284
Estimate:	\$ 1,750,000 - \$ 2,500,000

L. Verbeek Autowrecking

On January 16th, 2009 Verbeek Properties filed a lawsuit against PSE and the City of Seattle. Verbeek has asserted that contaminated soil from Gas Works Park (GWP) in Seattle was transported to its property. PSE agreed to conduct an investigation to characterize the nature and extent of the contamination. A preliminary investigation of soil and groundwater beneath a portion of the Verbeek site was completed in April 2009 that was supplemented with additional testing in September 2009. The supplemental testing indicated a larger volume of GWP soils are present than the volume estimated using the preliminary characterization data.

An interim remedial action plan (IRAP) was prepared by PSE's consultants to cleanup the GWP soil. The IRAP was reviewed and approved by the site owner's consultants and WDOE. In July, PSE began the field activities described in the IRAP. The remedial work was completed in October 2010 and a remedial construction report is being prepared for submittal to the property owner and WDOE. WDOE has since issued a No Further Action letter for the site.

Actual cost balance 9/30/11	\$2,021,243
Add: Costs incurred in 4th Qtr	\$8413
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$2,029,657
Estimate:	\$ 2,200,000 - \$ 2,500,000

FORMER PUGET POWER SITES

A. Duwamish Waterway (Terminal 117 & Georgetown Steam Plant)

On December 21, 2005, PSE received a demand letter regarding the Malarkey Asphalt plant at Terminal 117 on the Duwamish waterway. Used transformer oil, containing PCBs, was burned by the operators as a boiler fuel. PSE has denied involvement at the site, and to date, no evidence linking PSE to the site has been discovered. Litigation involving other parties has been resolved without PSE's involvement.

On January 29th 2009, PSE received a 104e Information Request from the EPA as part of the Lower Duwamish Waterway Superfund Site. EPA requested information regarding PSE's past ownership and operation of the Georgetown Steam Plant and nearby facilities. PSE has completed its responses to these requests and submitted them to EPA at the end of July, 2009. It is expected that EPA or other responsible parties will begin seeking the involvement at the site from other parties, potentially including PSE however, no further requests or notices have been received from EPA.

The range of costs shown below reflects the activities responding to the 104e request and the uncertainty pertaining to the exposure that PSE may receive in the Duwamish River.

Actual cost balance 9/30/11	\$79,844
Add: Costs incurred in 4th Qtr	\$0
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$79,844
Estimate:	\$200,000 - \$3,000,000

B. White River/Buckley Phase II Burn Pile and Wood Debris

PSE recently satisfied the requirement to monitor and maintain the site rehabilitation activities performed from 2006 to 2011. However, groundwater continues will need to be monitored to evaluate the effectiveness of the cleanup. While arsenic concentrations in groundwater do not appear to be substantially declining, the lateral extent of the plume does not appear to be currently expanding or approaching the White River.

Actual cost balance 9/30/11	\$2,026,199
Add: Costs incurred in 4th Qtr	\$8,567
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$2,034,766
Future Estimated Cost:	\$250,000 - 1,500,000 (No Change)

C. Lower Baker Power Plant

In 1965 a landslide destroyed PSE's Lower Baker powerhouse facility. It is believed that a number of oil-containing devices remain buried beneath the slide. A petroleum-like sheen was discovered in water discharging from a metal pipe extending from the concrete wall of the former powerhouse that remains in place. PSE evaluated the sheen and installed a water treatment system to eliminate the sheen. The specific source(s) and extent of contamination in the landslide area has not been identified.

The range of costs shown below reflects the uncertainty pertaining to the extent of contamination as well as the inaccessibility of the site.

Actual cost balance 9/30/11	\$289,872
Add: Costs incurred in 4th Qtr	\$3018
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$292, 890
Estimate:	\$700,000 - \$7,000,000 (No Change)

D. Puyallup Garage

PSE expects to perform remediation at this site in the future, but is presently only monitoring the property. Contaminated soil remains beneath the former garage building.

Actual cost balance 9/30/11	\$453,028
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$453,028
Estimate:	\$468,000 - \$600,000 (No Change)

E. Electron Flume

A wooden flume is used to convey water from the diversion dam to the Electron Powerhouse. The flume is approximately 10 miles long and is located on the southwest slope of the Puyallup River valley. PSE historically replaced portions of the flume during routine maintenance and repair activities. The removed wood was typically placed on the ground surface at the location of the repair. This produced piles of wood debris that remain along the flume alignment today. Based on historical information, some of this wood was treated with chemical preservatives.

In late 2006, PSE sent a letter in response to WDOE inquiries to begin a project to remove the debris immediately adjacent to the flume. Characterization has shown this debris to be a mix of both treated and untreated wood of similar properties to the debris piles formerly located at the Buckley Headworks and qualifies for the arsenical-treated wood exclusion. PSE believes the range of costs shown below reflects the potential risks faced by PSE at this site.

Actual cost balance 9/30/11	\$491,040
Add: Costs incurred in 4th Qtr	\$41,260
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$532,300
Estimate:	\$800,000 - 1,500,000

F. Snoqualmie Hydro Generation (Power Plant)

PSE began construction activities associated with the Snoqualmie Falls redevelopment project in the fall of 2009. Upgrades to electrical generating facilities at both power plants are requiring the excavation of a significant quantity of soil and rock. Soil beneath a portion of the Power Plant I site contains hazardous substances at concentrations exceeding state cleanup levels. The majority of the accessible contaminated soil has been removed during 2010 and 2011 construction activities. The remaining accessible contaminated soil will likely be removed in 2012, as part of the larger redevelopment project.

Actual cost balance 9/30/11	\$666,066
Add: Costs incurred in 4th Qtr	\$390,267
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$1,056,333
Estimate:	\$ 2,750,000 - \$ 3,200,000

G. Bellingham South State Street MGP (*formerly known as Boulevard Park*)

As early as the late 1800's, PSE's predecessors owned and operated a MGP on Bellingham Bay. PSE sold the property to Cascade Natural Gas which dismantled the MGP and later sold it to the City of Bellingham who developed the site as part of Boulevard Park. PSE was notified by the City of Bellingham of potential liability for contamination at the site.

In 2009, the City of Bellingham and WDOE completed a focused environmental site assessment of sediments in Bellingham Bay beneath the area of a proposed over-water walkway that would terminate at the north end of Boulevard Park. PSE has entered into a cost-sharing agreement with the City of Bellingham to complete a RI/FS for the former MGP site under an Agreed Order with the City and WDOE. The Agreed Order was issued on April 30, 2010 by WDOE.

PSE and the City of Bellingham completed a Remedial Investigation Interim Data Report (the "Report") that identified potential gaps in the data collected and recommends additional sampling. The Report was submitted to Ecology on June 30, 2011, and Ecology approved a portion of the proposed "data gap" sampling, including further analysis of archived soil and sediment samples, collection of additional soil vapor samples, and survey of the intertidal zone within the preliminary site boundary to identify bivalve species present. The approved field work was completed in July 2011 and evaluation of the results is ongoing. PSE and the City of Bellingham are currently negotiating the scope for the second phase of data gap sampling. This field investigation is scheduled to be completed during the first quarter of 2012. The production of the RI/FS reports remain scheduled for 2012.

Though the City of Bellingham has estimated \$8,000,000 to fully investigate and remediate the site, PSE believes that a range of costs shown more accurately reflects the potential range of risks faced by PSE at this site

Actual cost balance 9/30/11	\$313,869
Add: Costs incurred in 4th Qtr	\$349,346
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$663,216
Estimate:	\$1,500,000 - 8,000,000

H. Talbot Hill Substation and Switchyard

During the investigation and remediation of a minor mineral oil release discovered in June 2009, contamination related to historic spills from electrical equipment was encountered at the site. Subsurface explorations identified contamination exceeding state cleanup levels beneath a portion of the site, including structural foundations supporting towers and electrical equipment. PSE completed an interim cleanup action that removed accessible contaminated soil from the site. Some contaminated soil remains beneath facility structures.

Given the uncertainty related to the extent of contamination that is likely below some of these existing structures, PSE believes the range of costs shown below reflects the potential risks faced by PSE at this site.

Actual cost balance 9/30/11	\$222,809
Add: Costs incurred in 4th Qtr	\$0
Less: Amortization costs in 4th Qtr	\$0
Balance of actual costs 12/31/11	\$222,809
Estimate:	\$350,000 - \$ 750,000

I. Tenino Service Center UST

The Tenino Service Center was in operation from 1959 to 1995. Soil and groundwater beneath the site were impacted by petroleum releases from historic fueling facilities. The fueling facilities and most of the contaminated soil were removed from the site in 1991, except for inaccessible contaminated soil located beneath an on-site building. The building and underlying contaminated soil were removed from the site at the end of 2009. PSE expects that regulatory requirements for this site will be satisfied after quarterly groundwater monitoring is conducted for one year.

The estimated costs presented below reflect the 2009 remedial action and future groundwater monitoring costs, but not earlier actions performed in 1991.

Actual cost balance 9/30/11	\$165,235
Costs incurred in 4th Qtr	\$248
Balance of actual costs 12/31/11	\$165,483
Estimate:	\$250,000 - \$300,000

K. Everett Asarco

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. The smelter began operations in 1894 with ASARCO taking ownership in 1905. PSE is currently researching the allegations.

Actual cost balance 9/30/11	\$165,235
Costs incurred in 4th Qtr	\$248
Balance of actual costs 12/31/11	\$165,483
Estimate:	\$ 175,000 - \$ 300,000

L. Sammamish Substation

On June 16, 2011, a failure of a large transformer at PSE's Sammamish Substation occurred causing a fire and release of Non PCB mineral oil. PSE has completed remediation of the majority of contaminated soil. However, there still remains some limited contamination adjacent to energized control cables that likely will need to be addressed at a later date. The current estimate for the remediation is shown below.

Actual cost balance 9/30/11	\$165,235
Costs incurred in 4th Qtr	\$248
Balance of actual costs 12/31/11	\$165,483
Estimate:	\$ 433,000 (No Change)

M. Point Robinson Cable Station

On August 2, 2011, PSE received a low level alarm from the Point Robinson Cable Station on Maury Island. The cable station is located on the shores of Puget Sound and serves as the termination point for the submarine cable that brings power from Des Moines across the bottom of Puget Sound to the island. Oil is used as a dielectric fluid within the cable. Inspections revealed that approximately 21 gallons of oil were unaccounted for and had impacted the shore line with free product being present approximately 12'' below the beach surface. PSE performed a remediation of the contamination and is currently monitoring the site while the repairs to the cables are performed.

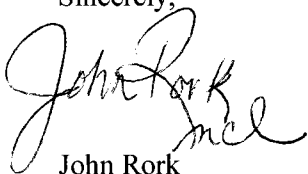
Actual cost balance 9/30/11	\$165,235
Costs incurred in 4th Qtr	\$248
Balance of actual costs 12/31/11	\$165,483
Estimate:	\$ 175,000 - \$ 250,000 (No Change)

J. Underground Storage Tanks Status

Please see the attached spreadsheet. This provides a summary of our ongoing efforts associated with the investigation, remediation, and/or removal of underground storage tanks (UST).

This list represents current major sites PSE is investigating, monitoring, or remediating.

Sincerely,



John Rork
Manager – Environmental Services

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

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
December 31, 2011

September 1998 - forward		Site Description		9/30/2011	Activity		12/31/2011	Env Services		Cost Estimates		Amortization	
SAP ORDER	SAP ACCOUNT			Account Balance			Account Balance	Project	Remaining	Through	Balance		
								12/31/2011	18608022	18236022	12/31/2011	Dr.	Closing
								12/31/2011	22840002	22840002	12/31/2011		
									(a)				
FORMER MANUFACTURED GAS SITES:													
TACOMA GAS COMPANY (UPLAND SOURCE CONTROL)													
18606102	18608612	Remediation costs	774,426.80	774,426.80		10,000,000.00	725,573.20				774,426.80		
18606203	18608642	Legal Costs	15,888.20	15,888.20		1,500,000.00	725,573.20				15,888.20		
		SUBTOTAL	790,315.00	790,315.00							790,315.00		
THEA FOSS WATERWAY													
18607102	18608712	Remediation costs	4,034,755.78	4,045,027.87	10,272.09	10,000,000.00	5,954,972.13				4,045,027.87		
18607203	18608742	Legal costs	4,499,203.59	4,499,203.59		10,000,000.00	5,954,972.13				4,499,203.59		
		SUBTOTAL	8,533,959.37	8,544,231.46	10,272.09						8,544,231.46		
EVERETT, WASHINGTON													
18602102	18608212	Remediation Costs	1,402,460.34	1,409,400.79	6,940.45	4,500,000.00	3,090,599.21				1,409,400.79		
18602203	18608242	Legal Costs	8,717.50	8,717.50		4,500,000.00	3,090,599.21				8,717.50		
		SUBTOTAL Everett	1,411,177.84	1,418,118.29	6,940.45						1,418,118.29		
CHEHALIS, WASHINGTON													
18603102	18608312	Remediation Costs	3,796,751.83	3,832,192.72	35,440.89	4,250,000.00	417,807.28				3,832,192.72		
GAS WORKS PARK													
18604102	18608412	Remediation Costs	2,651,381.74	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		
		Internal Costs - pre-1997	366.95	366.95		4,000,000.00	1,348,618.26				366.95		
		SUBTOTAL Gas Works - Seattle	3,507,869.80	3,507,869.80	-						3,507,869.80		
QUENDALL TERMINALS													
18612102	18609512	Remediation costs	-	-		1,000,000.00	1,000,000.00				-		
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	-						59,043.75		
LAKE UNION SEDIMENTS													
18614102	18609312	Remediation costs	11,695,078.14	11,968,838.26	273,760.12	35,000,000.00	23,031,161.74				11,968,838.26		
18614202	18600082	Legal Costs	665,123.59	665,123.59		35,000,000.00	23,031,161.74				665,123.59		
		SUBTOTAL	12,360,201.73	12,633,961.85	273,760.12						12,633,961.85		
TACOMA TAR PITS													
18601102	18608112	Remediation Costs through June 1999	34,826,945.69	34,826,945.69		4,000,000.00	652,173.01				34,826,945.69		
18601102	18608112	Remediation Costs post-June 1999	3,289,786.96	3,347,826.99	58,040.03	4,000,000.00	652,173.01				3,347,826.99		
18601203	18608142	Legal Costs	9,351,936.58	9,351,936.58		4,000,000.00	652,173.01				9,351,936.58		
		Internal Costs pre-1997	209,796.52	209,796.52		4,000,000.00	652,173.01				209,796.52		
		SUBTOTAL Tacoma Tide Flats	47,678,465.75	47,736,505.78	58,040.03						47,736,505.78		
BAY STATION													
18603202	18609532	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	-						258,953.41		

PUGET SOUND ENERGY, INC.
DEFERRED ENVIRONMENTAL COST SUMMARY GAS
December 31, 2011

SAP ORDER	SAP ACCOUNT	Site Description	9/30/2011 Account Balance	Activity	12/31/2011 Account Balance	Env Services Project Cost Estimates 12/31/2011	Remaining 18608022 18236022 22840002	Amortization Through 12/31/2011 Dr. 40700002	Balance 12/31/2011 Closing
18614402	18609542	OLYMPIA (COLUMBIA STREET MGP)	504,925.13	40,359.30	545,284.43	1,750,000.00	1,204,715.57		545,284.43
18614403	18609562	Remediation costs	-	-	-	-	-		-
		Legal Costs	504,925.13	40,359.30	545,284.43	1,750,000.00	1,204,715.57		545,284.43
		SUBTOTAL							
		<u>VERBEEK AUTOWRECKING</u>							
18608302	18608752	Remediation costs	2,021,242.90	8,412.87	2,029,655.77	1,200,000.00	(829,655.77)		2,029,655.77
18608304	18608752	3rd party	(1,114,592.67)		(1,114,592.67)		1,114,592.67		(1,114,592.67)
18608303	18608762	Legal Costs	9,760.00		9,760.00		-		9,760.00
		SUBTOTAL	916,410.23	8,412.87	924,823.10	1,200,000.00	284,936.90		924,823.10
		Estimated Future Costs	39,014,373.64	(333,225.75)	38,981,147.89				\$ 38,981,147.89
		Unallocated Insurance and Third Party Recoveries	(64,529,744.49)	(4,066.84)	(64,533,811.33)				(64,533,811.33)
		SITES	\$ 54,302,702.99	\$ 395,933.16	\$ 54,698,636.15	\$ 68,700,000.00	\$ 38,981,147.89	\$ -	\$ 54,698,636.15

GAS UNDERGROUND STORAGE TANKS AND OTHER SITES		Total Costs	Curr Cost Activity	Total Costs	Estimated Costs	Remaining Est	Accm Depor	Ending Acct Bal	
18230212	18237112	278,990.45	330.75	279,321.20	350,000.00	70,678.80		279,321.20	
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	121,009.55	(330.75)	120,678.80	-	120,678.80		120,678.80	
		RECOVERIES							
		TANKS	\$ 825,335.64	\$ -	\$ 825,335.64	\$ 400,000.00	\$ 120,678.80	\$ -	\$ 825,335.64
		TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 55,128,038.63	\$ 395,933.16	\$ 55,523,971.79	\$ 69,100,000.00	\$ 39,101,826.69	\$ -	\$ 55,523,971.79

- 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
December 31, 2011

September 2000 - forward Order	Account	Site Description	SAP		Actual Costs Through 12/31/2011	Future Cost Estimates	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 12/31/2011
			Account Balance 9/30/2011	4th Quarterly Activity				
18230009	18232221 18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.) Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	(a) 250,000.00 2,026,198.67 2,276,198.67	(b) 0.00 8,567.01 8,567.01	(d) 0.00 2,034,765.68 2,034,765.68	(e) 250,000.00 0.00 250,000.00	(f) = (d) + (e) 250,000.00 2,034,765.68 2,284,765.68	(g) 0.00 0.00 0.00
18230021	18232261 18232271	Env Rem - Lower Duwamish Waterway (Future Cost Est.) Env Rem - Lower Duwamish Waterway Subtotal Lower Duwamish Waterway Site	120,156.13 79,843.87 200,000.00	0.00 0.00 0.00	0.00 79,843.87 79,843.87	120,156.13 0.00 120,156.13	120,156.13 79,843.87 200,000.00	0.00 0.00 0.00
18601120	18608011 18608001	Env Rem - Lower Baker Power Plant (Future Cost Est.) Env Rem - Lower Baker Power Plant Subtotal Lower Baker Power Plant Site	410,128.02 289,871.98 700,000.00	(3,018.25) 3,018.25 0.00	0.00 292,890.23 292,890.23	407,109.77 0.00 407,109.77	407,109.77 292,890.23 700,000.00	0.00 0.00 0.00
18601121	18608031 18608021	Env Rem - Snoqualmie Hydro Generation (Power Plant) (Future Cost Est.) Env Rem - Snoqualmie Hydro Generation (Power Plant) Subtotal Snoqualmie Hydro Generation Site	881,766.32 1,868,233.68 2,750,000.00	(4,716.50) 4,716.50 0.00	0.00 1,872,950.18 1,872,950.18	877,049.82 0.00 877,049.82	877,049.82 1,872,950.18 2,750,000.00	0.00 0.00 0.00
18601122	18608051 18608041	Env Rem - Bellingham South State Street MGP (former Boulevard Park) (Future Cost Est.) Env Rem - Bellingham South State Street MGP (former Boulevard Park) Subtotal Bellingham South State Street MGP (former Boulevard Park) Site	423,184.14 1,076,815.86 1,500,000.00	(158,743.80) 158,743.80 0.00	0.00 1,235,559.66 1,235,559.66	264,440.34 0.00 264,440.34	264,440.34 1,235,559.66 1,500,000.00	0.00 0.00 0.00
18601125	18608111 18608081	Env Rem - Electron Flume (Future Cost Est.) Env Rem - Electron Flume Subtotal Electron Flume Site	192,835.85 607,164.15 800,000.00	(10,949.34) 10,949.34 0.00	0.00 618,113.49 618,113.49	181,886.51 0.00 181,886.51	181,886.51 618,113.49 800,000.00	0.00 0.00 0.00
18601128	18608151 18608141	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.) Env Rem - Talbot Hill Substation and Switchyard Subtotal Talbot Hill Substation & Switchyard Site	125,120.24 224,879.76 350,000.00	0.00 0.00 0.00	0.00 224,879.76 224,879.76	125,120.24 0.00 125,120.24	125,120.24 224,879.76 350,000.00	0.00 0.00 0.00
18601129	18608161 18608171	Env Rem - Everett Asarco (Future Cost Est.) Env Rem - Everett Asarco Subtotal Everett Asarco Site	133,387.58 41,612.42 175,000.00	(27,669.08) 27,669.08 0.00	0.00 69,281.50 69,281.50	105,718.50 0.00 105,718.50	105,718.50 69,281.50 175,000.00	0.00 0.00 0.00
18601130	18608181 18608191	Env Rem - Sammamish Substation (Future Cost Est.) Env Rem - Sammamish Substation Subtotal Sammamish Substation Site	126,902.04 306,097.96 433,000.00	(80,212.22) 80,212.22 0.00	0.00 386,310.18 386,310.18	46,689.82 0.00 46,689.82	46,689.82 386,310.18 433,000.00	0.00 0.00 0.00
18601151	18608201 18608211	Env Rem - Pt. Robinson Cable Station (Future Cost Est.) Env Rem - Pt. Robinson Cable Station Subtotal Pt. Robinson Cable Station	68,873.09 106,129.91 175,000.00	(4,651.57) 4,651.57 0.00	0.00 110,778.48 110,778.48	64,221.52 0.00 64,221.52	64,221.52 110,778.48 175,000.00	0.00 0.00 0.00
18230041	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
	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	70,055.89	(4,723.50)	0.00	65,332.39	65,332.39	0.00
	18230391	Env Rem - Tenino Service Center UST	179,944.11	4,723.50	184,667.61	0.00	184,667.61	0.00
	18233061	Subtotal Tenino Service Center UST	250,000.00	0.00	184,667.61	65,332.39	250,000.00	0.00
		Env Rem - Poulsbo Service Center UST (Future Cost Est.)	10,000.00	0.00	0.00	10,000.00	10,000.00	0.00
		Total assets	9,634,198.67	8,567.01	7,110,040.64	2,532,725.04	9,642,765.68	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) (B)
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 (A)	(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) (B)
22841001	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)
		Total Liabilities	(5,625,013.38)	0.00	14,604,001.63	1,097,471.05	15,701,472.68	(16,981,076.91)
		Grand Total	4,009,185.29	8,567.01	21,714,042.27	3,630,196.09	25,344,238.36	(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.

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