



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

April 8, 2011

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

Dear Mr. Danner:

**Subject: Environmental Report for the quarter ending March 31, 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,

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

John Rork  
Manager – Environmental Services

Enclosure

2011 APR 12 AM 10:04

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

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

SAP ORDER	SAP ACCOUNT	Site Description	12/31/2010		Activity	3/31/2011		ENV Services Project Cost Estimates 3/31/2011 (a)	Cost Estimates		
			Account Balance			Account Balance			Remaining 18608022	Amortization Through 3/31/2011 Dr. 40700002	Balance 3/31/2011 Closing
<b>FORMER MANUFACTURED GAS SITES:</b>											
<b>TACOMA GAS COMPANY (UPLAND SOURCE CONTROL)</b>											
18608102	18609512	Remediation costs	769,040.33	-	-	769,040.33	1,100,000.00	330,959.67		769,040.33	
18606203	18609542	Legal Costs	15,888.20	-	-	15,888.20	1,100,000.00	330,959.67		15,888.20	
		<b>SUBTOTAL</b>	<b>784,928.53</b>			<b>784,928.53</b>				<b>784,928.53</b>	
<b>THEA FOSS WATERWAY</b>											
18607102	18608712 (g)	Remediation costs	3,983,571.16	1,530.00	1,530.00	3,985,101.16	10,000,000.00	6,014,898.94		3,985,101.16	
18607203	18608742	Legal costs	4,475,572.59	-	-	4,475,572.59	10,000,000.00	6,014,898.94		4,475,572.59	
		<b>SUBTOTAL</b>	<b>8,459,143.75</b>		<b>1,530.00</b>	<b>8,460,673.75</b>				<b>8,460,673.75</b>	
<b>EVERETT, WASHINGTON</b>											
18602102	18608212	Remediation Costs	1,389,234.40	1,208.82	1,208.82	1,389,443.22	4,500,000.00	3,110,556.78		1,389,443.22	
18602203	18608242	Legal Costs	8,717.50	-	-	8,717.50	4,500,000.00	3,110,556.78		8,717.50	
		<b>SUBTOTAL Everett</b>	<b>1,396,951.90</b>		<b>1,208.82</b>	<b>1,398,160.72</b>				<b>1,398,160.72</b>	
<b>CHEHALIS, WASHINGTON</b>											
18603102	18608312	Remediation Costs	3,740,224.26	6,970.69	6,970.69	3,747,194.95	4,250,000.00	502,805.05		3,747,194.95	
<b>GAS WORKS PARK</b>											
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	
	18609452	Internal Costs - pre-1997	366.95	-	-	366.95	4,000,000.00	1,348,618.26		366.95	
		<b>SUBTOTAL Gas Works - Seattle</b>	<b>3,507,869.80</b>			<b>3,507,869.80</b>				<b>3,507,869.80</b>	
<b>QUENDALL TERMINALS</b>											
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	
		<b>SUBTOTAL</b>	<b>59,043.75</b>			<b>59,043.75</b>				<b>59,043.75</b>	
<b>LAKE UNION SEDIMENTS</b>											
18614102	18609312	Remediation costs	10,899,620.41	247,377.69	247,377.69	11,146,998.10	35,000,000.00	23,853,001.90		11,146,998.10	
18614202	18600082	Legal Costs	665,123.59	-	-	665,123.59	35,000,000.00	23,853,001.90		665,123.59	
		<b>SUBTOTAL</b>	<b>11,564,744.00</b>		<b>247,377.69</b>	<b>11,812,121.69</b>				<b>11,812,121.69</b>	
<b>TACOMA TAR PITS</b>											
18601102	18608112	Remediation Costs through June 1999	34,826,945.69	40,245.66	40,245.66	34,826,945.69	3,250,000.00	16,973.06		34,826,945.69	
18601102	18608112	Remediation Costs post-June 1999	3,192,781.28	-	-	3,233,026.94	3,250,000.00	16,973.06		3,233,026.94	
18601203	18608142	Legal Costs	9,351,936.58	-	-	9,351,936.58	3,250,000.00	16,973.06		9,351,936.58	
	18608152	Internal Costs pre-1997	209,796.52	-	-	209,796.52	3,250,000.00	16,973.06		209,796.52	
		<b>SUBTOTAL Tacoma Tide Flats</b>	<b>47,581,460.07</b>		<b>40,245.66</b>	<b>47,621,705.73</b>				<b>47,621,705.73</b>	
<b>BAY STATION</b>											
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	
		<b>SUBTOTAL</b>	<b>258,953.41</b>			<b>258,953.41</b>				<b>258,953.41</b>	

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

September 1998 - forward SAP ORDER	SAP ACCOUNT	Site Description	12/31/2010 Account Balance	Activity	3/31/2011 Account Balance	Env Services Project Cost Estimates 3/31/2011	Remaining 18608022 18236022 22840002	Amortization Through 3/31/2011 Dr. 40700002	Balance 3/31/2011 Closing
18614402	18609542	OLYMPIA (COLUMBIA STREET MGP)	427,592.34	17,432.90	445,025.24	1,000,000.00	554,974.76		445,025.24
18614403	18609562	Remediation costs							
		Legal Costs	427,592.34	17,432.90	445,025.24	1,000,000.00	554,974.76		445,025.24
		SUBTOTAL							
18608302	18608752	VERBEEK AUTOWRECKING	2,002,272.76	12,602.76	2,014,875.52	2,200,000.00	185,124.48		2,014,875.52
18608304	18608752	Remediation costs							
		3rd party	(173,107.62)		(173,107.62)		173,107.62		(173,107.62)
18608303	18608762	Legal Costs	1,838,925.14	12,602.76	1,851,527.90	2,200,000.00	358,232.10		1,851,527.90
		SUBTOTAL							
18608022		Estimated Future Costs	38,688,979.53	(3327,368.52)	38,361,611.01				38,361,611.01
18608062		Recoveries	(64,479,874.75)		(64,479,874.75)				(64,479,874.75)
		SITES	\$ 53,828,941.73	\$ 0.00	\$ 53,828,941.73	\$ 67,800,000.00	\$ 38,361,611.01	(b)	\$ 53,828,941.73

GAS UNDERGROUND STORAGE TANKS AND OTHER SITES		Total Costs	Curr Cost Activity	Total Costs	Estimated Costs	Remaining Est	Accm Depr	Ending Act Bal
18230212	18237112	269,991.97	-	269,991.97	350,000.00	80,008.03	-	269,991.97
18230210	18236912	-	-	-	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	130,008.03	-	130,008.03	-	130,008.03	-	130,008.03
	18236032	-	-	-	-	-	-	-
	TANKS	\$ 825,335.64	\$ -	\$ 825,335.64	\$ 400,000.00	\$ 130,008.03	\$ -	\$ 825,335.64
	TOTAL - GAS STORAGE TANKS AND MANUFACTURED GAS SITES	\$ 54,211,130.55	\$ 0.00	\$ 54,654,277.37	\$ 68,200,000.00	\$ 38,491,619.04	(c)	\$ 54,654,277.37

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**  
**March 31, 2011**

September 2000 - forward Order	Account	Site Description	SAP		Actual Costs Through 3/31/2011	Future Cost Estimates	Total Cost Estimates (f) = (d) + (e)	Recoveries Through 3/31/2011	
			Account Balance 12/31/2010	1st Quarterly Activity					
18232221	18232221	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris (Future Cost Est.)	(a)	(b)	(c) = (a) + (b)	(d)	(e)	(f) = (d) + (e)	(g)
			250,000.00	0.00	250,000.00	0.00	250,000.00	250,000.00	0.00
18232251	18232251	Env Rem - White River/Buckley Phase II Burn Pile and Wood Debris	2,010,883.12	4,450.75	2,015,333.87	2,015,333.87	0.00	2,015,333.87	0.00
		Subtotal White River/Buckley Phase II Burn Pile and Wood Debris Site	2,260,883.12	4,450.75	2,265,333.87	2,015,333.87	250,000.00	2,265,333.87	0.00
18232261	18232271	Env Rem - Lower Duwamish Waterway (Future Cost Est.)	120,156.13	0.00	120,156.13	0.00	120,156.13	120,156.13	0.00
		Env Rem - Lower Duwamish Waterway	79,843.87	0.00	79,843.87	79,843.87	0.00	79,843.87	0.00
		Subtotal Lower Duwamish Waterway Site	200,000.00	0.00	200,000.00	79,843.87	120,156.13	200,000.00	0.00
18601120	18608011	Env Rem - Lower Baker Power Plant (Future Cost Est.)	434,254.57	(9,706.38)	424,548.19	0.00	424,548.19	424,548.19	0.00
		Env Rem - Lower Baker Power Plant	265,745.43	9,706.38	275,451.81	275,451.81	0.00	275,451.81	0.00
		Subtotal Lower Baker Power Plant Site	700,000.00	0.00	700,000.00	275,451.81	424,548.19	700,000.00	0.00
18601121	18608031	Env Rem - Snoqualmie Hydro Generation (Power Plant) Future Cost Est.)	443,666.66	(321,276.63)	122,390.03	0.00	122,390.03	122,390.03	0.00
		Env Rem - Snoqualmie Hydro Generation (Power Plant)	1,056,333.34	421,276.63	1,477,609.97	1,477,609.97	0.00	1,477,609.97	0.00
		Subtotal Snoqualmie Hydro Generation Site	1,500,000.00	100,000.00	1,600,000.00	1,477,609.97	122,390.03	1,600,000.00	0.00
18601122	18608051	Env Rem - Bellingham South State Street MGP (former Boulevard Park) (Future Cost Est.)	836,784.44	(143,994.97)	692,789.47	0.00	692,789.47	692,789.47	0.00
		Env Rem - Bellingham South State Street MGP (former Boulevard Park)	633,215.56	143,994.97	807,210.53	807,210.53	0.00	807,210.53	0.00
		Subtotal Bellingham South State Street MGP (former Boulevard Park) Site	1,500,000.00	0.00	1,500,000.00	807,210.53	692,789.47	1,500,000.00	0.00
18601125	18608111	Env Rem - Election Flume (Future Cost Est.)	267,699.88	0.00	267,699.88	0.00	267,699.88	267,699.88	0.00
		Env Rem - Election Flume	532,300.12	0.00	532,300.12	532,300.12	0.00	532,300.12	0.00
		Subtotal Election Flume Site	800,000.00	0.00	800,000.00	532,300.12	267,699.88	800,000.00	0.00
18601128	18608151	Env Rem - Talbot Hill Substation and Switchyard (Future Cost Est.)	127,191.24	(2,071.00)	125,120.24	0.00	125,120.24	125,120.24	0.00
		Env Rem - Talbot Hill Substation and Switchyard	222,808.76	2,071.00	224,879.76	224,879.76	0.00	224,879.76	0.00
		Subtotal Talbot Hill Substation & Switchyard Site	350,000.00	0.00	350,000.00	224,879.76	125,120.24	350,000.00	0.00
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	0.00
18230321	18230321	Env Rem - Tenino Service Center UST (Future Cost Est.)	84,516.70	(206.75)	84,309.95	0.00	84,309.95	84,309.95	0.00
		Env Rem - Tenino Service Center UST	165,483.30	206.75	165,690.05	165,690.05	0.00	165,690.05	0.00
		Subtotal Tenino Service Center UST	250,000.00	0.00	250,000.00	165,690.05	84,309.95	250,000.00	0.00
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	0.00
		Total assets	<b>7,585,883.12</b>	<b>104,450.75</b>	<b>7,690,333.87</b>	<b>5,578,319.98</b>	<b>2,112,013.89</b>	<b>7,690,333.87</b>	<b>0.00</b>
22840081	22840081	Env Rem - Puyallup Garage Site	(453,028.42)	0.00	(453,028.42)	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	(500,000.00)	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	(129,471.05)	20,528.95	129,471.05	150,000.00	(150,000.00) (B)
		Accum Misc Oper Provi - Unallocated Def Elec Env Rem Recoveries	(4,513,190.77)	0.00	(4,513,190.77)	0.00	0.00	(4,513,190.77)	
		Total Liabilities	<b>(5,595,690.24)</b>	<b>0.00</b>	<b>(5,595,690.24)</b>	<b>14,604,001.63</b>	<b>1,097,471.05</b>	<b>15,701,472.68</b>	<b>(16,951,753.77)</b>
		Grand Total	<b>1,990,192.88</b>	<b>104,450.75</b>	<b>2,094,643.63</b>	<b>20,182,321.61</b>	<b>3,209,484.94</b>	<b>23,391,806.55</b>	<b>(16,951,753.77)</b>

Footnotes:

(A) The total estimated costs for the Crystal Mountain Site of \$115,083,472.68 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.