

EXHIBIT NO. _____ (AML-14)
DOCKET NOS. UE-200115
COLSTRIP UNIT 4 SALE
WITNESS: AMANDA MARIE LEVIN

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant, v.

PUGET SOUND ENERGY,

Respondent.

DOCKET NO. UE-200115

**FOURTEENTH EXHIBIT TO THE
PREFILED RESPONSE TESTIMONY OF
AMANDA LEVIN
ON BEHALF OF
THE NATURAL RESOURCES DEFENSE COUNCIL**

October 2, 2020

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Docket UE-200115

Puget Sound Energy

Application Authorizing Sale of PSE Interest in Colstrip Unit 4

PUBLIC COUNSEL DATA REQUEST NO. 012:

Please refer to Ronald J. Roberts, Exh. RJR-6 at 31-32, which reads in part, “all Losses caused by or arising from the AOC and/or CCR Rules that arise from or are caused by the deposit, storage, generation, staging, or Release of coal combustion residuals shall be based on pre-Closing Date Project Shares without regard to whether such deposit, storage, generation, staging, or Release occurs before or after Closing.”

- a. Will there be additional coal combustion residual remediation expenses associated with the continued operation of Colstrip Unit 4 beyond 2025? Please respond with a yes or no and provide the basis for your response.
- b. If the answer to (a) is yes, would PSE be responsible or liable for these additional costs according to its pre-Closing Date Project Shares? Please respond with a yes or no and provide the basis for your response.
- c. If the answer to (b) is no, who is responsible or liable for these additional costs?
- d. If the answer to (b) is yes, does PSE expect to include in rates the entire responsibility for Colstrip Unit 4 remediation and decommissioning cost associated with coal combustion residuals upon its closure? If not, what portion of its cost responsibility does PSE anticipate would be borne by the shareholders of PSE?

Response:

Puget Sound Energy (“PSE”) objects to Public Counsel Data Request No. 012 on the grounds that it requires PSE to speculate. Subject to and without waiving this objection, PSE responds as follows:

- a. PSE does not know whether Colstrip Unit 4 will continue to operate beyond 2025 or whether there would be additional coal combustion residual remediation expenses associated with any such continued operation of Colstrip Unit 4 beyond 2025.
- b. Section 8.2 of the Colstrip Unit 4 Purchase and Sale Agreement, dated as of December 9, 2019, between PSE and NorthWestern Energy (“Colstrip Unit 4 Purchase and Sale Agreement”) addresses liabilities of PSE and NorthWestern Energy with respect to the AOC¹ and/or CCR Rules.² Section 8.2 generally provides that PSE and NorthWestern Energy will be responsible for liabilities that arise with respect to the AOC and/or CCR Rules based on their existing, pre-Closing Date Project Shares. Roberts, Exh. RJR-6, at 31-32. For PSE, the pre-Closing Date Project Share is 25 percent. For NorthWestern Energy, the pre-Closing Date Project Share is 15 percent.

However, if such liabilities increase due to violation of environmental laws or releases of hazardous substances that wholly arise or substantially take place after closing, then Section 8.2 provides that PSE and NorthWestern Energy will be responsible for liabilities that arise with respect to the AOC and/or CCR Rules based on their post-Closing Date Project Shares. *See, e.g., id.* For PSE, the post-Closing Date Project Share is 12.5 percent. For NorthWestern Energy, the post -Closing Date Project Share is 21.25 percent.

All liabilities caused by or arising from the AOC and/or CCR Rules that arise from or are caused by the deposit, storage, generation, staging, or release of coal combustion residuals shall be based on pre-Closing Date Project Shares, without regard to whether such deposit, storage, generation, staging, or release occurs before or after closing. *See, e.g., id.*

- c. Please see the response to part b. above.
- d. PSE expects that the Washington Utilities and Transportation Commission will allow in electric rates all decommissioning and remediation costs prudently incurred by PSE for the Colstrip units, as required by RCW 19.405.030(1)(b).

¹ AOC refers to the Administrative Order on Consent Regarding Impacts Related to Wastewater Facilities Compromising the Closed-Loop System at Colstrip Steam Electric Station, Colstrip Montana entered into between PPL Montana, LLC (n/k/a Talen Montana, LLC) and the Montana Department of Environmental Quality in July and August of 2012, as amended by the March 1, 2017, Agreement to Amend Administrative Order on Consent.

² CCR Rules refers to environmental laws relating to the release, discharge, disposal, storage, remediation, or removal of coal combustion residuals, including those rules issued by the United States Environmental Protection Agency pursuant to subtitle D of the Resource Conservation and Recovery Act.