November 4, 2019

To: Irena Netik – Puget Sound Energy (PSE) Director of Energy Supply Planning and Analytics

Cc: Jay Balasbas – UTC Commissioner
Rachel Brombaugh – King County Executive Energy Policy & Partnerships Specialist
Brad Cebulko – UTC Staff
Carla Colamonici – Regulatory Analyst, Public Counsel Division
David Danner – Utilities and Transportation (UTC) Commission Chair
Lisa Gafken – Assistant Attorney General, Public Counsel Unit Chief
Steve Johnson – UTC Staff
Ann Rendahl – UTC Commissioner
Deborah Reynolds – UTC Staff
Kathi Scanlan - UTC Staff

Subject: 2019 IRP Technical Input – Shut down Colstrip

Note: The TAG acknowledges the WUTC Staff petition for an IRP schedule exemption. This technical input is submitted in response to PSE's commitment to "continue to … maintain and respond to public input". This technical input should be considered an integral part of the collection of 2019 PSE IRP documents. We appreciate PSE's commitment to also include these technical inputs in the 2021 PSE IRP.

The Colstrip coal plant is no longer economically viable. PSE and the Colstrip owners are spending $175 million in new capital expenses on Colstrip now through 2022. PSE spends millions each year on Colstrip Operations & Maintenance just to keep propping up this dirty, aging and expensive plant. These significant financial investments, are likely to extend the life of the Colstrip plant beyond 2025. These on-going expenses are inconsistent with the Clean Energy Transformation Act, which mandates no coal-based electricity in Washington by the end of 2025. PSE needs to provide in its 5-year action plan for the 2019 IRP, a clear signal that PSE is ramping down both capital expenses and annual O&M budgets to ensure that ratepayers are not paying for expenses that do not provide benefit to ratepayers.

PSE has not provided the legal analysis behind its statements that the Colstrip ownership contract will require PSE to keep paying into Colstrip even after state law cuts off ratepayer money in 2025. Further, it is our understanding of contract law that no minority owner can be indefinitely held hostage to keep funding investments it considers no longer economically viable. Under PSE's theory, PSE would be forced to keep funding Colstrip expenses for additional decades. This defies common sense.

Continuing to pour money into this dirty and expensive plant yields little benefit to PSE ratepayers while increasing the "negative value" of the plant, mainly driven by the requirement to clean up the substantial environmental pollution, which worsens every day the plant continues to operate.

Colstrip is no longer a prudent investment. PSE customers are getting ripped off. PSE needs to immediately phase out Colstrip funding.

As TAG members, we formally request that PSE post this letter on their 2019 IRP website and provide a written response to these questions:

- Will PSE withdraw all financial support for Colstrip units 3 & 4 on or before December 31, 2025, consistent with Clean Energy Transformation Act objectives?
- Will PSE work with their Colstrip unit 3 & 4 partners to create a plan for all partners to transition away from Colstrip generated electricity?

Respectfully submitted:

Doug Howell – Sierra Club Beyond Coal Senior Campaign Representative