

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

In the Matter of the Application of

PUGET SOUND ENERGY

For an Order Authorizing the Sale of All of Puget Sound Energy's Interests in Colstrip
Unit 4 and Certain of Puget Sound Energy's Interests in Colstrip Transmission System

DOCKET UE-200115

**PAUL L. CHERNICK
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT PLC-22

Puget Sound Energy Response to Public Counsel Data Request No. 63

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. 063:

Please refer to the Direct Testimony of Susan E. Free, Exh. SEF-1CT, at 21:9-13.

- a. Please provide PSE's estimate of the annual cost of service attributable to PSE's current ownership share of the Colstrip Transmission System assets.
 - i. Please provide the rate of return on equity assumed for this calculation.
 - i. Please provide the overall rate of return assumed for this calculation.
- b. Assuming a closing date for the Proposed Transactions of December 16, 2020, please provide PSE's estimate of the annual cost of service attributable to PSE's remaining ownership share of the Colstrip Transmission System assets after the sale of the initial 95 MW share of those assets to NorthWestern Energy pursuant to the Colstrip Transmission System Purchase and Sale Agreement.
 - i. Please provide the rate of return on equity assumed for this calculation.
 - ii. Please provide the overall rate of return assumed for this calculation.
- c. The initial sale of 95 MW of CTS assets will reduce PSE's ownership share of the Colstrip Transmission System by about 13 percent. In this case, would it be reasonable to assume that the sale of 95 MW of CTS assets at net book cost would reduce the annual cost of service attributable to PSE's CTS assets by roughly 13 percent? Please explain.

Response:

Puget Sound Energy ("PSE") objects to Public Counsel Data Request No. 015 on the grounds that it calls for speculation regarding the potential impact of the proposed sale of PSE's undivided interest in the Colstrip Transmission System representing not less than 95 MW, consisting of not less than a four and 2/10ths percent (4.2%) interest in the Colstrip to Broadview Segment and a four and 9/10ths percent (4.9%) interest in the Broadview to Townsend Segment on the projected annual cost of service attributable to PSE's ownership interest in the Colstrip Transmission System. Subject to and without waiving this objection, PSE provides the following response.

- a. Please see Puget Sound Energy's Response to WUTC Staff Data Request No. 015 which provides the rate base and depreciation expense associated with the Colstrip Transmission System that would allow the calculation of the revenue requirement requested for bundled retail service subject to the review and approval of the Washington Utilities and Transportation Commission ("WUTC"). The return on equity and rate of return approved by the WUTC in PSE's 2019 general rate case are 9.40% and 7.39%, respectively.
- b. PSE has not calculated PSE's estimate of the annual cost of service attributable to PSE's remaining ownership share of the Colstrip Transmission System assets after the proposed sale of PSE's undivided interest in the Colstrip Transmission System representing not less than 95 MW, consisting of not less than a four and 2/10ths percent (4.2%) interest in the Colstrip to Broadview Segment and a four and 9/10ths percent (4.9%) interest in the Broadview to Townsend Segment on the projected annual cost of service attributable to PSE's ownership interest in the Colstrip Transmission System.
- c. Please see the response to part b. above.