Comments before the Washington Utilities and Transportation Commission
Docket No. 200115
Oct. 8, 2020

Hi. Thank you for the opportunity to speak on the matter of Puget Sound Energy's potential sale of its shares in Colstrip Unit 4 to NorthWestern Energy.

My name is Eric Frankowski. I am the executive director of the Western Clean Energy Campaign. For the past 15 years, my organization has worked to facilitate the transition from fossil fuels to clean energy across the Interior West. WCEC has personally been involved in organizing, communications, policy and legal work in this arena in every state in the West, and I can tell you without hesitation and as an objective outside observer that this proposed sale in no way meets the criteria of prudency that you must adhere to in making your decision on whether to approve it. It fails that test in a number of ways:

1. First is the intent of Washington's Clean Energy Transformation Act. The law is unambiguous. It states that "absent significant and swift reductions in greenhouse gas emissions, climate change poses immediate significant threats to our economy, health, safety, and national security." Therefore, the law says, "it is the policy of the state to ***eliminate*** coal-fired electricity …" Allowing PSE to sell its shares in one of the biggest carbon pollution emitters in the country and keep it running, possibly for decades more, doesn't eliminate anything. Approving this sale is completely contrary to the spirit of the law that Gov. Inslee signed last year and tantamount to thumbing one's nose at the will of the people of Washington, who elected the leaders that drafted the measure.

2. Second, the proposed sale of Colstrip Unit 4 poses significant monetary risks for PSE customers. There are huge question marks around this sale and what it will mean for PSE after a deal is closed. Will PSE's ratepayers continue to be liable for additional costs in the cleanup of widespread coal-ash waste contamination at Colstrip even after the sale? The contract language seems to indicate so. Are there cost-sharing provisions in the deal that will keep PSE paying to maintain the plant even after a sale? Again, it seems they will be. And what of the language in the deal that would require PSE to buy back power from Colstrip at a higher cost than market rates? None of this makes any sense. Any expenditures that would be incurred AFTER the plant is sold, whether for liability, for ongoing maintenance or power purchases, by default are imprudent.

3. Third, if there are disagreements over any of the issues I just mentioned and future costs, it will not end well. They will be settled through protracted legal fights, which will

only tilt the scale more heavily into the red. There is a far easier solution to mitigating these risks. None of these costs should be deemed prudent, and the UTC should either deny the sale outright or deny PSE the ability to recover any of these irrational and unjustifiable costs from its customers. If PSE truly believes a sale is in its best interest, let its shareholders take that risk.

4. Fourth, this deal contains an extremely valuable give-away that PSE should in no way be considering and which the UTC, in its oversight authority, should be extremely wary of. As part of the deal, PSE would hand over rights to valuable transmission capacity that currently connects Washington to Montana. That's problematic for both financial reasons and for reliability. The West is moving inexorably to regional markets and the connection between the interior and the grid serving the Pacific Northwest and West Coast is only going to become more valuable. PSE should not be ditching an asset such as transmission. More directly relevant, though, may be the connection to a reliable source of winter power. Studies show that the output of Montana wind is highest in the winter months, precisely when it is most needed to meet spiking demand in Washington. To the extent that the UTC's responsibilities include reliability of power supplies, the connection to Montana could be incredibly important, and PSE should not be permitted to shed such an asset so callously.

5. The last issue I'll address is more a matter of pride. Is Washington's biggest utility really going to let itself be bullied into making a bad deal? Looking at this proposed deal from the outside, there doesn't seem to be a lot lined up in the asset column for PSE. Instead, the driving factor, from my perspective, would seem to be that PSE is scared of and trying to prevent a lawsuit. Is that really a prudent reason to authorize such a badly lop-sided deal like this?

Everything about this deal raises red flags. It's certainly not good for climate protection. It's hugely problematic from the perspective of ratepayer risks. It will almost certainly lead to lengthy legal battles that will sap resources. It jeopardizes what could be a hugely valuable asset for the reliability of Washington's electricity supplies. And it's just wimpy.

As I said, there is a very simple solution to the myriad problems this sale creates. Any expenditure that creates a future for Colstrip past PSE's 2025 exit date is clearly imprudent. A 2025 closure limits risk exposure to customers, meets the spirit of Washington's climate law, is in the best interest of ratepayers and climate protection, and actually facilitates Washington's transition to a carbon-free economy with actions and not just words. After many years of providing power to the West, Colstrip is no longer viable and the UTC should exercise every power in its authority to keep a deal like this from dragging PSE, its customers and the rest of the state down with it.

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