

**EXH. TMF-1T
DOCKET UE-191037
COLSTRIP UNIT 4 SALE
WITNESS: THOMAS M. FLYNN**

**BEFORE THE
WASHINGTON UTILITIES AND 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
the Colstrip Transmission System**

Docket UE-191037

**PREFILED DIRECT TESTIMONY (NONCONFIDENTIAL) OF
THOMAS M. FLYNN
ON BEHALF OF PUGET SOUND ENERGY**

FEBRUARY 19, 2020

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CONTENTS

I.	INTRODUCTION	1
II.	PSE’S SHARE AND USE OF THE COLSTRIP TRANSMISSION SYSTEM.....	2
A.	The Colstrip Transmission System and PSE’s Interests Therein.....	2
B.	PSE’s Share and Use of the Capacity of the Colstrip Transmission System.....	5
C.	After the Permanent Retirement of Colstrip Units 1 and 2, PSE’s Transmission Function Has Posted 380 MW of Available Transmission Capacity on PSE’s Share of the Colstrip Transmission System Capacity	6
D.	PSE Has Requested 350 MW of East-to-West Transmission Demand on PSE’s Share of the Colstrip Transmission System for New Generation, Commencing July 1, 2021	8
III.	THE SALE OF CERTAIN OF PSE’S INTERESTS IN THE COLSTRIP TRANSMISSION SYSTEM PURSUANT TO THE COLSTRIP TRANSMISSION SYSTEM PURCHASE AND SALE AGREEMENT SHOULD NOT AFFECT THE 380 MW OF ATC CURRENTLY MADE AVAILABLE PURSUANT TO PSE’S OATT AND POSTED ON PSE’S OASIS	9
IV.	CONCLUSION.....	13

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LIST OF EXHIBITS

- Exh. TMF-2 Professional Qualifications of Thomas M. Flynn
- Exh. TMF-3 Amended and Restated Colstrip Project Transmission Agreement, dated as of September 27, 2013, by and among NorthWestern Energy, Puget Sound Energy, Avista Corporation, Portland General Electric Company, and PacifiCorp
- Exh. TMF-4 Amended and Restated Transmission Agreement, dated April 17, 1981, by the United States of America, Department of Energy, acting by and through BPA, The Montana Power Company (now NorthWestern Energy), Pacific Power & Light Company, Portland General Electric Company, Puget Sound Power & Light Company (now Puget Sound Energy), The Washington Water Power Company (now Avista), and Basin Electric Power Cooperative

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2 **THOMAS M. FLYNN**
3 **ON BEHALF OF PUGET SOUND ENERGY**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address and present position with Puget**
6 **Sound Energy.**

7 A. My name is Thomas M. Flynn. My business address is 355 110th Avenue NE,
8 Bellevue, Washington 98004. I am the Manager, Energy Delivery, for Puget
9 Sound Energy (“PSE”).

10 **Q. Have you prepared an exhibit describing your education, relevant**
11 **employment experience, and other professional qualifications?**

12 A. Yes. Please see the First Exhibit to the Prefiled Direct Testimony of Thomas M.
13 Flynn, Exh. TMF-2, for an exhibit describing my education, relevant employment
14 experience, and other professional qualifications.

15 **Q. What are your duties as Manager, Energy Delivery, for PSE?**

16 A. As Manager, Energy Delivery, I manage the transmission portfolio for PSE’s
17 energy merchant for power trading. In the role, I lead a team of engineers and
18 analysts that (i) analyze transmission alternatives for renewable energy
19 projects, (ii) assess transmission for long-term integrated resource planning,
20 and (iii) manage external relationships with Bonneville Power Administration

1 (“BPA”) and other regional utilities. I also coordinate analyses of new west coast
2 organized markets proposed by California ISO (“CAISO”) and develop and
3 manage PSE’s long-term transmission strategy for the CAISO Energy Imbalance
4 Market (“EIM”).

5 **Q. Please summarize your testimony.**

6 A. The purpose of this prefiled direct testimony is to (i) discuss PSE’s share and use
7 of the Colstrip Transmission System and (ii) explain why the sale of certain of
8 PSE’s interests in the Colstrip Transmission System pursuant to the Colstrip
9 Transmission System Purchase and Sale Agreement should not affect the
10 380 megawatts (“MW”) of Available Transmission Capacity (“ATC”) currently
11 made available by PSE’s transmission function under PSE’s Open Access
12 Transmission Tariff (“OATT”) and posted by PSE’s transmission function on
13 PSE’s Open Access Same-Time Information System (“OASIS”).

14 **II. PSE’S SHARE AND USE OF THE**
15 **COLSTRIP TRANSMISSION SYSTEM**

16 A. **The Colstrip Transmission System and PSE’s Interests Therein**

17 **Q. Please describe the Colstrip Transmission System and PSE’s interests**
18 **therein.**

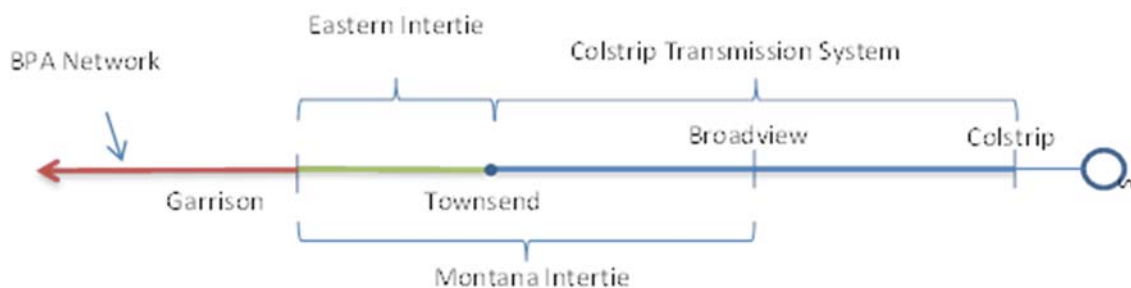
19 A. The Colstrip Transmission System was built in the mid-1980s and is jointly
20 owned by Avista, NorthWestern Energy, PacifiCorp, Portland General Electric,

1 and PSE. The Colstrip Transmission System consists of a 500 kilovolt (kV)
2 transmission system in two segments:

- 3 i. a segment between Colstrip, Montana, and Broadview, Montana,
4 and
- 5 ii. a segment between Broadview, Montana and Townsend, Montana
6 (there is no substation at Townsend, Montana).

7 BPA owns and operates a 500 kV double circuit transmission system between
8 Townsend, Montana and Garrison, Montana (commonly referred to as the Eastern
9 Intertie), which connects the Colstrip Transmission System to the Federal
10 Columbia River Transmission System. Figure 1 provides a simplified illustration
11 of the Colstrip Transmission System, the Eastern Intertie, and the Federal
12 Columbia River Transmission System.

13 **Figure 1. Colstrip Transmission System, Eastern Intertie,**
14 **and Federal Columbia River Transmission System**



15
16 The Amended and Restated Colstrip Project Transmission Agreement, dated as of
17 September 27, 2013, by and among NorthWestern Energy, PSE, Avista
18 Corporation, Portland General Electric Company, and PacifiCorp (the “Colstrip
19 Transmission Agreement”) provides for the engineering, design, and construction
20 of the Colstrip Transmission System. Please see the Second Exhibit to the Prefiled

1 Direct Testimony of Thomas M. Flynn, Exh. TMF-3, for a copy of the Colstrip
2 Transmission Agreement.

3 Each party to the Colstrip Transmission Agreement is to contribute to the
4 transmission facilities' costs, including operations and maintenance costs, and is
5 to receive an undivided ownership interests in the transmission facilities as a
6 tenant in common. Each party to the Colstrip Transmission Agreement is entitled
7 to use its share of capacity in the respective segments of the Colstrip
8 Transmission System identified in Table 1 below:

9 **Table 1. Current Capacity Shares of the Respective Segments**
10 **of the Colstrip Transmission System**

Ownership	Colstrip- Broadview	Broadview- Townsend
NorthWestern Energy	36%	24%
Puget Sound Energy	33%	39%
Portland General Electric	14%	16%
Avista Corporation	10%	12%
PacifiCorp	7%	8%

11 The Amended and Restated Transmission Agreement, dated April 17, 1981, by
12 the United States of America, Department of Energy, acting by and through BPA,
13 The Montana Power Company (now NorthWestern Energy), Pacific Power &
14 Light Company, Portland General Electric Company, Puget Sound Power & Light
15 Company (now PSE), The Washington Water Power Company (now Avista), and
16 Basin Electric Power Cooperative (the "Montana Intertie Agreement") provides
17 the terms and conditions for the construction, operation, and use of a regional
18 transmission intertie (the "Montana Intertie") to interconnect the Colstrip

1 generating facilities to BPA's Federal Columbia River Transmission System.
2 Please see the Third Exhibit to the Prefiled Direct Testimony of Thomas M.
3 Flynn, Exh. TMF-4, for a copy of the Montana Intertie Agreement. The Montana
4 Intertie runs between the Broadview Substation and the Garrison Substation in the
5 vicinity of Deer Lodge, Montana.

6 **B. PSE's Share and Use of the Capacity of the Colstrip Transmission**
7 **System**

8 **Q. Please describe PSE's share and use of the capacity of the Colstrip**
9 **Transmission System.**

10 A. Pursuant to the Colstrip Transmission Agreement, PSE currently owns an
11 undivided interest in the facilities of the Colstrip Transmission System. PSE's
12 share of these facilities has a transmission capacity in the east-to-west direction of
13 about 750 MW from Colstrip to Townsend. PSE has historically used its
14 transmission capacity on the Colstrip Transmission System to transmit power
15 from Colstrip Units 1 through 4 to PSE's loads in Washington. However, PSE's
16 rights under the Colstrip Transmission Agreement to use its transmission capacity
17 on the Colstrip Transmission System is not limited to transmission of PSE's
18 output from the Colstrip units.

19 Currently, PSE uses capacity on PSE's share of the Colstrip Transmission System
20 in the east-to-west direction for transmission of its output from Colstrip Units 3
21 and 4. This is effected through about 388 MW of Transmission Demand for Firm

1 Point-To-Point Transmission Service, with a Point of Receipt at Colstrip and a
2 Point of Delivery at Townsend.

3 **C. After the Permanent Retirement of Colstrip Units 1 and 2, PSE's**
4 **Transmission Function Has Posted 380 MW of Available**
5 **Transmission Capacity on PSE's Share of the Colstrip Transmission**
6 **System Capacity**

7 **Q. Did the retirement of Colstrip Units 1 and 2 result in a change in PSE's share**
8 **of the capacity of the Colstrip Transmission System?**

9 A. No. The retirement of Colstrip Units 1 and 2 in early January of 2020 did not
10 result in a change in PSE's ownership share of the capacity of the Colstrip
11 Transmission System. The retirement of Colstrip Units 1 and 2 has reduced PSE's
12 *usage* of transmission capacity of the Colstrip Transmission System by about
13 300 MW in the east-to-west direction but did not change PSE's ownership rights
14 to that capacity.

15 Prior to the permanent retirement of Colstrip Units 1 and 2 in January of 2020,
16 PSE's transmission function posted about 80 MW of ATC in an east-to-west
17 direction posted for PSE's share of the Colstrip Transmission System capacity.

18 The permanent retirement of Colstrip Units 1 and 2 in January of 2020 increased
19 the posted ATC in an east-to-west direction for PSE's share of the Colstrip
20 Transmission System capacity by about 300 MW.

21 PSE's transmission function has posted on PSE's OASIS this 380 MW of ATC on
22 PSE's share of the Colstrip Transmission System.

1 **Q. Is the 380 MW of ATC in an east-to-west direction posted by PSE's**
2 **transmission function for PSE's share of the Colstrip Transmission System**
3 **available for transmission service requests by other generation sources?**

4 A. Yes. The 380 MW of ATC in an east-to-west direction posted by PSE's
5 transmission function for PSE's share of the Colstrip Transmission System
6 capacity should, subject to any necessary studies, be available for transmission
7 requests, including requests for transmission of output of renewable resources.

8 It should be noted, however, that the ATC available on PSE's share of the
9 Colstrip Transmission System for a new resource (i.e., a resource other than a unit
10 of the Colstrip Steam Electric Station) may well require further study and would
11 be a function of, among other things, the type of any new resource, its size and
12 other characteristics, its location, and the modifications necessary for the Colstrip
13 Transmission System to accommodate the new resource. NorthWestern Energy,
14 in its capacity as Transmission Operator under the Colstrip Transmission
15 Agreement, would perform the necessary studies in response to requests for
16 transmission service on the PSE's share of the Colstrip Transmission System.

1 **D. PSE Has Requested 350 MW of East-to-West Transmission Demand**
2 **on PSE's Share of the Colstrip Transmission System for New**
3 **Generation, Commencing July 1, 2021**

4 **Q. Has PSE made a transmission service request for some or all of the 380 MW**
5 **of ATC on PSE's share of the Colstrip Transmission System capacity posted**
6 **on PSE's OASIS?**

7 A. Yes. PSE has made a transmission service request for most of the 380 MW of
8 ATC on PSE's share of the Colstrip Transmission System capacity posted on
9 PSE's OASIS. Specifically, PSE requested 350 MW of east-to-west Transmission
10 Demand on PSE's share of the Colstrip Transmission System for new generation,
11 commencing July 1, 2021. PSE is currently reviewing potential renewable
12 resources located in eastern Montana as part of its most recent request for
13 proposals, and this transmission service request could, subject to the results of any
14 necessary studies undertaken by NorthWestern Energy, provide transmission to
15 PSE's loads in Washington.

1 **III. THE SALE OF CERTAIN OF PSE'S INTERESTS IN THE**
2 **COLSTRIP TRANSMISSION SYSTEM PURSUANT TO**
3 **THE COLSTRIP TRANSMISSION SYSTEM PURCHASE AND**
4 **SALE AGREEMENT SHOULD NOT AFFECT THE 380 MW OF**
5 **ATC CURRENTLY MADE AVAILABLE PURSUANT TO**
6 **PSE'S OATT AND POSTED ON PSE'S OASIS**

7 **Q. Will the sale of certain of PSE's interests in the Colstrip Transmission**
8 **System pursuant to the Colstrip Transmission System Purchase and Sale**
9 **Agreement affect the 380 MW of ATC currently posted on OASIS for PSE's**
10 **share of the Colstrip Transmission System?**

11 A. No. The sale of certain of PSE's interests in the Colstrip Transmission System
12 pursuant to the Colstrip Transmission System Purchase and Sale Agreement
13 should not affect the 380 MW of ATC currently posted on OASIS for PSE's share
14 of the Colstrip Transmission System.

15 As discussed in the Prefiled Direct Testimony of Ronald J. Roberts, Exh. RJR-
16 1CT, the sale of certain of PSE's interests in the Colstrip Transmission System
17 pursuant to the Colstrip Transmission System Purchase and Sale Agreement
18 would consist of the following two transactions:

19 (i) The Initial Purchase Assets, which consist of an undivided
20 interest in PSE's interest in the Colstrip Transmission
21 System representing not less than 95 MW, consisting of not
22 less than a four and 2/10ths percent (4.2%) interest in the
23 Colstrip-to-Broadview segment and a four and 9/10ths
24 percent (4.9%) interest in the Broadview-to-Townsend
25 segment of the Colstrip Transmission System (the "Initial
26 Purchase Assets"); and

27 (b) The Option Assets, which consist of an option of
28 NorthWestern Energy to acquire an undivided ownership

1 interest in PSE's interest in the Colstrip Transmission
2 System representing not less than 90 MW, consisting of not
3 less than a four percent (4%) interest in the Colstrip-to-
4 Broadview segment and a four and 2/10ths percent (4.2%)
5 interest in the Broadview-to-Townsend segment of the
6 Colstrip Transmission System (the "Option Assets").

7 Neither of these transactions should have an effect on the 380 MW of ATC
8 currently posted on OASIS for PSE's share of the Colstrip Transmission System.

9 **Q. Please explain how the sale of the Initial Assets would not have an effect on**
10 **the 380 MW of ATC currently posted on OASIS for PSE's share of the**
11 **Colstrip Transmission System.**

12 A. As previously discussed, PSE's share of the Colstrip Transmission System
13 pursuant to the terms and conditions of the Colstrip Transmission Agreement
14 provides PSE with about 750 MW of transmission capacity in the east-to-west
15 direction from Colstrip to Townsend.

16 PSE's sale of the Initial Assets (representing a transmission capacity of 95 MW)
17 would reduce PSE's total east-to-west transmission capacity on the Colstrip
18 Transmission System from about 750 MW to about 655 MW.

19 After the sale of the Initial Assets, PSE would use (i) about 185 MW of this
20 655 MW of capacity to transmit output of PSE's ownership interests in Colstrip
21 Unit 3 and (ii) about 90 MW of this 655 MW of capacity to transmit up to 90 MW
22 of the output of Colstrip Unit 4 purchased by PSE pursuant to the power purchase
23 agreement with NorthWestern Energy for 90 MW (the "NorthWestern

1 Energy PPA”) discussed in the Prefiled Direct Testimony of Ronald J. Roberts,
2 Exh. RJR-1CT.

3 As shown in Table 2 below, the 380 MW of ATC currently posted on OASIS for
4 PSE’s share of the Colstrip Transmission System is equivalent to the difference
5 between (i) the 750 MW of current capacity, minus (ii) 95 MW of capacity sold as
6 part of the Initial Assets, minus (iii) 185 MW of capacity used by PSE to transmit
7 output of PSE’s ownership interests in Colstrip Unit 3, minus (iv) the 90 MW of
8 capacity used by PSE to transmit output associated with the NorthWestern Energy
9 PPA:

**Table 2. Summary of Above Effects of the Sale of the
Initial Assets on the 380 MW of ATC Currently Posted
by PSE’s Transmission Function on OASIS**

PSE’s Current Total Transmission Capacity	750 MW
- Sale of the Initial Assets	- 95 MW
- Capacity for Transmission of Unit 3 Output	- 185 MW
- Capacity for Transmission of NorthWestern Energy Output	- 90 MW
<hr/>	
Remaining Capacity	380 MW

10 All things being equal, PSE’s sale of the Initial Assets to NorthWestern Energy
11 should not affect the 380 MW of ATC currently posted for PSE’s share of the
12 Colstrip Transmission System capacity.

1 **Q. Please explain how the sale of the Option Assets would not have an effect on**
2 **the 380 MW of ATC currently posted on OASIS for PSE’s share of the**
3 **Colstrip Transmission System capacity.**

4 A. As discussed in the previous answer, PSE would have rights to about 655 MW of
5 capacity of the Colstrip Transmission System after the sale of the Initial Assets.
6 PSE’s sale of the Option Assets (representing a transmission capacity of 90 MW)
7 would further reduce PSE’s total east-to-west transmission capacity on the
8 Colstrip Transmission System from about 655 MW to about 565 MW.

9 After the sale of the Option Assets, PSE would use about 185 MW of this
10 565 MW of capacity to transmit output of PSE’s ownership interests in Colstrip
11 Unit 3. As shown in Table 3 below, the 380 MW of ATC currently posted on
12 OASIS for PSE’s share of the Colstrip Transmission System is equivalent to the
13 difference between (i) the 655 MW of capacity (after the sale of the Initial
14 Assets), minus (ii) 90 MW of capacity associated with sale of the Option Assets,
15 minus (iii) 185 MW of capacity used by PSE to transmit output of PSE’s
16 ownership interests in Colstrip Unit 3:

**Table 3. Effect of the Sale of the Option Assets on the 380 MW of
ATC Currently Posted by PSE’s Transmission Function on OASIS**

PSE’s Total Transmission Capacity (after sale of the Initial Assets)	655 MW
- Sale of the Option Assets	- 90 MW
- Capacity for Transmission of Unit 3 Output	- 185 MW
<hr/> Remaining Capacity	<hr/> 380 MW

1 All things being equal, PSE's sale of the Option Assets to NorthWestern Energy
2 should not affect the 380 MW of ATC currently posted for PSE's share of the
3 Colstrip Transmission System, as described above.

4 **IV. CONCLUSION**

5 **Q. Does this conclude your prefiled direct testimony.**

6 **A. Yes.**