

**EXH. RJR-7C
DOCKET UE-20____
2020 PSE PCORC
WITNESS: RONALD J. ROBERTS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent

Docket UE-20____

**SIXTH EXHIBIT (CONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

RONALD J. ROBERTS

ON BEHALF OF PUGET SOUND ENERGY

**REDACTED
VERSION**

DECEMBER 9, 2020

Talen-MT & WRM Coal Supply & Revenue Sharing Agreements

- Most Favored Nations clause of our current coal contract allows 60 days to review and decide whether or not to join another co-owners CSA
- PSE financial analysis results of high, low and current market scenarios support staying with our existing CSA
- Concern that [REDACTED]
- Risk that [REDACTED]
- Apprehension about [REDACTED]
- NorthWestern, PGE, PacifiCorp and Avista have all indicated they are not likely to join the CSA-RSA

Recommendation

- Stay with current 5-party CSA, do not join Talen-WRM CSA-RSA

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PSE Financial Analysis

- Scenario 4 below is the most likely outcome given current market prices and application of RSA terms to a load serving utility

	Scenario 1.	Scenario 2.	Scenario 3.	Scenario 4.	Scenario 5.	Scenario 6.
	Current market prices, Sales Transaction Price at market	High market prices, Sales Transaction Price at market	Low market prices, Sales Transaction Price at market	Current market prices, sales price reflects PSE retail rates	High market prices, sales price reflects PSE retail rates	Low market prices, sales price reflects PSE retail rates
	Existing CSA Talen - WRM deal	Existing CSA Talen - WRM contract	Existing CSA Talen - WRM contract	Existing CSA Talen - WRM contract	Existing CSA Talen - WRM contract	Existing CSA Talen - WRM contract
\$ in millions						
NPV Colstrip generation						
Production cost per MWh						
Cost of CSA coal purchases						
Revenue shared with WRM						
Total coal cost per ton						

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