Exh. JDW-16C
UE-240004/UG-240005/UE-230810
Witness: John D. Wilson
REDACTED VERSION

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION, **Complainant,** **v.** **PUGET SOUND ENERGY,** **Respondent.**	**DOCKETS UE-240004, UG-240005, UE-230810 (*Consolidated*)**

EXHIBIT TO TESTIMONY OF

JOHN D. WILSON

ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION

PSE's Response to Staff DR No. 218, Part (b)
and Attachment A

August 6, 2024

CONFIDENTIAL PER PROTECTIVE ORDER – REDACTED VERSION

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case

WUTC STAFF DATA REQUEST NO. 218

"CONFIDENTIAL" Table of Contents

	"CONFIDENTIAL" Material
Data Request No. 218	Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-240004 and UG-240005 as marked in Puget Sound Energy's Response to WUTC Staff Data Request No. 218 Attachment A

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case

WUTC STAFF DATA REQUEST NO. 218:
REQUESTED BY: John Wilson

RE: Power Costs

Referring to Mueller Exh. BDM-17C:

a. Please confirm that all volumes are expressed in mmBtu.
b. Please provide support for the pasted-in CB max and CB min storage volumes.
c. Please provide support for the pasted-in max injection and max withdrawal values per month.

Response:

a. Confirmed. Natural gas volumes in the Sixteenth Exhibit to the Prefiled Direct Testimony of Brennan D. Mueller, Exh. BDM-17C, "Clay Basin Storage Value," are expressed in MMBtu.

b. Attached as Attachment A to Puget Sound Energy's ("PSE") Response to WUTC Staff Data Request No. 218, please find a PDF file of PSE's internal Clay Basin capacity assignment agreement ("Clay Basin agreement") between PSE's natural gas utility ("PSEG") and PSE's electric utility ("PSEE"). The Clay Basin agreement defines the maximum storage capacity rights, and firm maximum and minimum storage service injection and withdrawal rights assigned to PSEE. The minimum storage value used in Exh. BDM-17C is not defined in the Clay Basin agreement or specified in the tariff according to which PSE purchases storage service. The minimum storage volume used in Exh. BDM-17C is an estimate based on historical PSE operations which generally attempt to maintain a minimum of 500,000 MMBtu of gas in storage at Clay Basin. The specific value in Exh. BDM-17C is the PSEE share (9.3 percent) of this total 500,000 MMBtu target.

c. Please see PSE's Response to part b. above and refer to Attachment A to find the basis for the maximum injection and withdrawal values presented in Exh. BDM-17C. Also, note that the firm injection and withdrawal rates defined in the Clay Basin agreement and used in Exh. BDM-17C are based on the normal expected capability of the Clay Basin facility. Actual storage withdrawal and

injection capability is dynamic and varies based on factors including the total volume of gas in storage and the injection or withdrawal activity of other shippers utilizing the facility.

Shaded information is designated as CONFIDENTIAL per Protective Order in Dockets UE-240004 and UG-240005 as marked in Puget Sound Energy's Response to WUTC Staff Data Request No. 218 Attachment A

ATTACHMENT A to PSE's Response to WUTC Staff Data Request No. 218

Shaded information is designated as Confidential per Protective Order in Dockets UE-240004 and UG-240005

ASSIGNMENT OF CAPACITY POLICY

This Assignment of Capacity (this "Assignment") is an internal agreement documenting the rules and procedures that apply between the PSE Gas Book and PSE Power Book whereby a portion of Clay Basin Storage service may be assigned from the Gas Book to the Power Book.

This Assignment is intended to be consistent with the concepts approved by the EMC on [redacted] and communicated to WUTC staff for a similar assignment of Jackson Prairie capacity. This Assignment is also intended to be consistent with and to replicate an "agreement" first put in place [redacted] and extended thereafter related to Jackson Prairie.

Background

The PSE electric portfolio ("Power Book") is the resource portfolio with costs allocated to electric customers in rate cases or the power cost adjustment.

The PSE core gas portfolio ("Gas Book") is the resource portfolio with costs allocated to gas customers in rate cases or the purchased gas adjustment.

PSE resource planning has determined that the Gas Book does not rely on all of its firm gas storage service withdrawal rights at Clay Basin, but normally will optimize that resource for the benefit of customers. The Gas Book has determined it can make available up to [redacted] of firm gas storage capacity at the Clay Basin storage facility to the Power Book from [redacted] through [redacted], provided that an assignment would provide benefits to customers comparable to that which could be achieved from 3rd parties.

The Gas Book is assigning [redacted] of firm gas storage service withdrawal rights, [redacted] of firm storage service injection rights and [redacted] of firm storage service capacity rights from its leased Clay Basin Storage resources.

The Power Book is taking assignment of [redacted] of firm storage service withdrawal rights, 5,000 Dth/day of firm storage service injection rights and [redacted] of firm storage service capacity rights for reliability, balancing, and intraday dispatching.

The assigned capacity is subject to all of the Clay Basin (Questar) tariff terms and conditions and the assignment should be considered a "slice" of the service contracted by PSE Gas Book.

REQUIRED PROCEDURES

Definitions and Parameters Volume
Firm Working Gas Capacity – [redacted]

Firm Withdrawal Deliverability - [redacted]
Firm Injection Capability - [redacted]

Price

The Storage Service Demand Charge is based on a market-based valuation using a methodology comparable to the method that PSE uses to value storage services (either purchase or sales) in the Rocky Mountain regional markets. (i.e. the same methodology PSE would use to evaluate an offer for release to a third party.)

Storage Service Demand Charge – For the period [redacted] to [redacted], the Power Book shall pay the Gas Book an average monthly demand charge of $[redacted] for the term of this contract which was calculated as follows:

Year 1: [redacted] valuation of $[redacted]
Year 2: [redacted] valuation of $[redacted]
Year 3: [redacted] valuation of $[redacted]

Total valuation [redacted]): $[redacted]
Average monthly valuation: $[redacted]

Storage Service Volumetric Charge - The Power Book will be responsible for the actual costs, including transportation and fuel-in-kind, associated with injecting and withdrawing gas from the Clay Basin Project, as incurred by the Gas Book or directly by the Power Book.

Operating Parameters

The Power Book shall operate pursuant to the operating parameters of the Clay Basin Storage Project and to the transportation scheduling provisions of Northwest Pipeline, as applicable. The Power Book otherwise has full operational control of the storage service to withdraw and inject as necessary to meet operational or economic needs, subject to the relevant pipeline scheduling provisions. Further, the Power Book is responsible for arranging and making payment for necessary pipeline transportation service to inject and withdraw gas to and from Clay Basin; provided, however, such service can be provided by the Gas Book from time to time as Gas Book resources are available (as determined by Gas Supply Operations), at market sensitive prices.

Approved:
[redacted]
Manager, Natural Gas Resources

Date: [redacted]