**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. 30, UE-230313

August 6, 2024

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket UE-230313
Puget Sound Energy
2022 Power Cost Adjustment Mechanism Report**

WUTC STAFF INFORMAL DATA REQUEST NO. 030:
REQUESTED BY: John Wilson

RE: Power Costs

If the Chelan PSA projects substantially underdelivers for an extended period of time, what are the contractual consequences and options available to PSE?

    a.   If Chelan PUD determines that required capital investments are too costly, and determines to cease operations and decommission the facility, will PSE continue to be liable for the Fixed Annual Charge for the remainder of the contract period?

Response:

The Chelan Power Sales Agreement ("Chelan PSA") assigns a purchaser share, 25%, of output. Section 5.1 and Section 5.6, see Exh. ZCY-4C at pages 25 and 33, acknowledge that output is "dynamic and variable and is dependent on a variety of factors." Since the Chelan PSA assigns a percentage of output not a contractual minimum energy output, the Chelan PSA does not contain the concept of "under delivery." These terms are materially consistent with the terms of the existing 2006 Chelan PSA that is scheduled to expire in October 2031.

    a. Section 6.3 Decommissioning, see Exh. ZCY-4C at 34, describes a "Fixed Annual Charge Reduction Factor" that adjusts the Fixed Annual Charge if project nameplate is less than 90% of 1978.4 MW due to units being retired by Chelan PUD.

        Fixed Annual Charge Reduction Factor = (1 - (100/90) × (Project Nameplate/1978.4)) × 100.

        For example, if Nameplate Capacity = 1582.7 MW, then Fixed Annual Charge Reduction Factor = (1 - (100/90) × (1582.7/1978.4)) ×100 = 11.1% reduction. This Fixed Annual Charge Reduction Factor is then multiplied by the Fixed Annual Charge shown in Appendix E, Exh. ZCY-4C at 7, and the resulting amount is subtracted from the Fixed Annual Charge to calculate the value to be used in Section 7.01(A), Exh. ZCY-4C at 35.

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Date of Response: October 25, 2023
Person who Prepared the Response: Zacarias C. Yanez
Witness Knowledgeable About the Response: Zacarias C. Yanez