

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Investigation of

AVISTA CORPORATION d/b/a AVISTA
UTILITIES, PUGET SOUND ENERGY, and
PACIFICORP d/b/a PACIFIC POWER &
LIGHT COMPANY

Regarding the 2020 Colstrip Coal Supply
Agreement

DOCKET UE-_____

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

V.

PACIFICORP DBA PACIFIC POWER &
LIGHT COMPANY,

Respondent.

DOCKET UE-191024

DECLARATION OF DANA RALSTON

1 I, Dana Ralston, declare under penalty of perjury under the laws of the state of Washington:

2 1. My full name is Dana M. Ralston. I am employed by PacifiCorp dba Pacific Power
3 & Light Company (PacifiCorp or the Company) as Senior Vice President, Thermal Generation
4 and Mining.

5 **A. Colstrip Units 3 and 4**

6 2. PacifiCorp has a 10 percent ownership interest in Colstrip Units 3 and 4.

7 3. Approximately 74 megawatts (MW) of Colstrip Unit 4's capacity is currently
8 included in PacifiCorp's actual net power costs under the West Control Area Inter-Jurisdictional
9 Allocation Methodology (WCA), 22.6 percent of which—or approximately 17 MW—is allocated
10 to serve Washington.

11 **B. The New Coal Supply Agreements for Colstrip Units 3 and 4**

12 4. The previous coal supply agreement for Colstrip Units 3 and 4 expired on
13 December 31, 2019. Under that cost-plus contract, PacifiCorp and the other buyers assumed a
14 certain amount of oversight responsibility for management decisions at the mine, with quarterly
15 meetings, approval for mine budgets, and annual mine audits. This contract involved the
16 consumption of approximately 600,000 to 625,000 tons of coal per year by PacifiCorp.

17 5. On December 5, 2019, PacifiCorp and four other co-owner utilities (collectively,
18 the Buyers) signed a new coal supply agreement with Westmoreland Rosebud Mining, LLC (the
19 Seller). The new agreement, which took effect on January 1, 2020, involves an [REDACTED] price
20 for [REDACTED] over a [REDACTED] time period than
21 the previous contract.

22 6. [REDACTED]
23 [REDACTED]
24 [REDACTED]. If PacifiCorp does not elect to extend the coal supply agreement through
25 the end of [REDACTED], the Company will be required to [REDACTED]. This is [REDACTED]
26 [REDACTED] than what the other Buyers would be required to pay if any of those companies elects

1 not to acquire their minimum tonnage in the [REDACTED] year of the contract. The Company negotiated
2 [REDACTED]

3 7. In addition, under the new agreement PacifiCorp committed to a [REDACTED]
4 annual quantity of [REDACTED] tons per year, at a base price of \$ [REDACTED] per ton, with an option to increase
5 the quantity, to up to [REDACTED] tons per year, at a discounted tier price of \$ [REDACTED] per ton.

6 8. This agreement involves a mine mouth supply and was more cost-effective than the
7 next best alternative fuel supply.

8 9. Under the new coal supply agreement, the [REDACTED]
9 [REDACTED]. With an [REDACTED], the Company and
10 its customers are [REDACTED], as well as from [REDACTED]

11 [REDACTED]
12 [REDACTED].
13 10. The commercial information contained in a coal supply agreement is extremely
14 sensitive. To the best of my knowledge, the Company has never included a copy of a coal supply
15 agreement in its direct testimony in general rate cases.

16 **C. Potential New Coal Refinement Process for Colstrip Units 3 and 4**

17 11. Talen Energy, the plant operator, is currently in negotiations with the Tinuum
18 Group (Tinium) to possibly implement a new methodology for refining the coal supply at Colstrip
19 Units 3 and 4.

20 12. PacifiCorp has not been provided terms and conditions regarding the structure of
21 this deal. My understanding is that this transaction would not occur without the approval of all the
22 co-owners.

SIGNED this 19th day of February 2020, in Salt Lake City, Utah.

Signed:  _____