

**Exh. CSH-2C  
Dockets UE-170033/UG-170034  
Witness: Christopher S. Hancock  
CONFIDENTIAL VERSION**

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**DOCKETS UE-170033 and  
UG-170034 (*Consolidated*)**

**EXHIBIT TO  
TESTIMONY OF**

**Christopher S. Hancock**

**STAFF OF  
WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION**

***PSE Response to Staff Data Request No. 185***

**June 30, 2017**

**CONFIDENTIAL PER PROTECTIVE ORDER**

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-170033 and UG-170034  
Puget Sound Energy  
2017 General Rate Case**

**WUTC STAFF DATA REQUEST NO. 185**

**“CONFIDENTIAL” “HIGHLY CONFIDENTIAL” Table of Contents**

<b>DR NO.</b>	<b>“CONFIDENTIAL” Material</b>
<b>185</b>	Designated Information in PSE’s Response to WUTC STAFF Data Request No. 185 is CONFIDENTIAL per Protective Order in WUTC Dockets UE-170033 and UG-170034.

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-170033 and UG-170034  
Puget Sound Energy  
2017 General Rate Case**

**WUTC STAFF DATA REQUEST NO. 185**

**WUTC STAFF DATA REQUEST NO. 185:**

Please provide any studies, reports, or other documents demonstrating that Colstrip Units 1 and 2 would be uneconomical to operate in the absence of a co-owner.

DESIGNATED INFORMATION IS CONFIDENTIAL PER  
PROTECTIVE ORDER IN WUTC DOCKETS UE-170033 AND  
UG-170034

**Response:**

Puget Sound Energy ("PSE") prepared an analysis comparing the portfolio costs of three potential ownership scenarios: (1) Scenario 1: Colstrip Units 1 and 2 continue to operate business as usual with two co-owners until shutdown in 2022; (2) Scenario 2: PSE becomes the sole operator of Colstrip Units 1 and 2 (up to PSE's maximum capacity of 307 MW) until shutdown in 2022, thereby absorbing 100% of the fixed costs; and (3) Scenario 3: Colstrip Units 1 and 2 shut down early in 2017. In addition, PSE ran the cases under two different scenarios, with and without a CO2 tax.

As shown below, PSE estimates the added present value cost of Scenario 2 is \$88 million.

PSE estimates the present value impact of Scenario 3 ranges from a cost of \$23 million to a benefit of \$8 million

The estimated present value cost of Scenario 2 as compared to Scenario 3, ranges from \$65 million to \$96 million

Portfolio Costs (\$ in Millions)	Change from Business as Usual		Change from Business as Usual	
	w/CO2	Cost/(Benefit)	No CO2	Cost/(Benefit)
Colstrip Shutdown 2022 Business as Usual	\$10,741		\$9,534	
Colstrip Shutdown 2022 PSE Sole Operator	\$10,829	\$88	\$9,623	\$88
Colstrip Shutdown 2017	\$10,764	\$23	\$9,526	-\$8

PSE has detailed files with confidential modeling supporting this analysis and will supplement this Response.