

EXHIBIT NO. _____ (TMP-8)
DOCKET NOS. UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: THOMAS MICHAEL POWER

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 TMP-8 TO PREFILED RESPONSE TESTIMONY
(NON-CONFIDENTIAL) OF THOMAS MICHAEL POWER
ON BEHALF OF NW ENERGY COALITION, RENEWABLE NORTHWEST, AND
NATURAL RESOURCES DEFENSE COUNCIL

JUNE 30, 2017

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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

NWEC-RNW-NRDC DATA REQUEST NO. 012

NWEC-RNW-NRDC DATA REQUEST NO. 012:

Is it PSE's view that it or its customers have an obligation to provide some measure of what is commonly referred to as transition funding, i.e., and broadly, costs associated with community and worker impacts, to the city of Colstrip, its citizens, and the labor force that has enabled the Colstrip units to operate?

Response:

Puget Sound Energy ("PSE") has been a strong contributor to the prosperity of the City of Colstrip and the State of Montana since PSE started doing business there nearly forty-five years ago. PSE has acted fairly and responsibly throughout its many decades in Montana by following all laws and regulatory requirements, providing direct financial support to the state in the form of significant tax revenue, and supporting good paying jobs with benefits in the community of the City of Colstrip.

PSE has been fully engaged as an owner of the Colstrip Generating Station facility since Colstrip Units 1 and 2 began operating in the 1970s. PSE and its customers have purchased millions of tons of Montana coal and invested millions of dollars in operation and maintenance of the four thermal units. PSE has contributed hundreds of millions in property tax, severance tax, and contributions to the Montana Coal Trust Fund for the benefit of all Montanans. In fact, PSE has contributed \$308 million in property taxes to the State of Montana in the last 30 years alone.

PSE is not leaving either the City of Colstrip or the State of Montana when Colstrip Units 1 and 2 are retired. Indeed, PSE plans to continue to be a part of the business community well into the future with the required decommissioning and remediation work for Colstrip Units 1 and 2 and the continued operations of Units 3 and 4, in which PSE holds the largest ownership interest. It is important to note that when Colstrip Units 1 and 2 are retired, Colstrip Units 3 and 4 (i.e., the newer, larger, and more cost effective of the Colstrip facilities) will continue to operate and employ workers for many years to come.

PSE worked for two sessions to help pass a bill (SB 6248) in the Washington legislature to create a stable source of funding for PSE to fulfill its decommissioning remediation obligations at the plant. This legislation allows the Commission to reserve existing customer assets (e.g., production tax credits) to pay for prudent, Commission-approved decommissioning and remediation costs. As stated in the bill that passed in Washington, these assets must “not be used for any purpose other than the funding and recovery of prudently incurred decommissioning and remediation costs.”

This remediation work is significant and will provide an economic lift for the community of Colstrip. As demonstrated in the Prefiled Direct Testimony of Mr. Ronald J. Roberts, Exhibit No. ___(RJR-1CT), the owners of Colstrip Units 1 and 2, including PSE, will invest more than an estimated \$200 million for decommissioning and remediation that will continue for many years after the eventual closure of operations currently scheduled for 2022. Additionally, approximately \$77 million will be invested between 2020 and 2023 to design and construct a new water treatment facility to be built in the City of Colstrip.

PSE is neither abandoning nor deserting either the City of Colstrip or the State of Montana when Colstrip Units 1 and 2 are retired. Post-retirement of Colstrip Units 1 and 2, PSE will continue to contribute to the communities and economies of the City of Colstrip and the State of Montana through PSE’s ownership interest in Colstrip Units 3 and 4 and the significant expenditures for decommissioning and remediation activities that PSE will share with its partner in Colstrip Units 1 and 2. In short, PSE has been a responsible corporate citizen of the City of Colstrip and the State of Montana for over forty-five years and will continue to be a strong contributor well into the future.