

EXHIBIT NO. \_\_\_\_\_ (TMP-4)  
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-4 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

**Attachment A to PSE's Response to WUTC Staff Data Request No. 359**

**E 3171 STM ARO Steam Production - Asset Retirement Costs ("ARC") Related to PSE's Colstrip Asset Retirement Obligations ("ARO")**

Specific Facility	Composition in 2012	Composition in 2015	Composition in 2016	Brief Description and Legal basis
Colstrip units 1 and 2 - WECO	\$11,929,768			Subsequently reversed because PSE determined that the obligation is not PSE's ARO.
Colstrip units 3 and 4 - WECO	\$15,158,447			Subsequently reversed because PSE determined that the obligation is not PSE's ARO.
Colstrip ARC units 1 and 2		\$16,575,588	\$45,693,519	PSE has a contractual obligation in the Joint Ownership Agreement with Talen Montana, LLC to share in the cost of the site restoration work for ash ponds (remediation cost) when the facilities' life is over. PSE has a 50% ownership interest for Colstrip ARO units 1 and 2. There are two relevant legal obligations in 2015 and 2016. On April 17, 2015, the United States Environmental Protection Agency (EPA) published a final rule, effective October 14, 2015, that regulates Coal Combustion Residuals (CCRs) under the Resource Conservation and Recovery Act, Subtitle D. The CCR ruling requires the company to perform an extensive study on the effects of coal ash on the environment and public health. On September 6, 2016, a Consent Decree was entered by the federal district court. According to the section III of the Consent Decree, "PSE shall cease combustion of fuel at and permanently cease operation of the Boilers for Colstrip Power Plant Units 1 and 2" on or before July 1, 2022.
Colstrip ARC units 3 and 4		\$17,958,241	\$37,040,428	PSE has a contractual obligation in the Joint Ownership Agreement with Talen Montana, LLC to share in the cost of the site restoration work for ash ponds (remediation cost) when the facilities' life is over. PSE has a 25% ownership interest for Colstrip ARO units 3 and 4. There are two relevant legal obligations including CCRs and the Administrative Order on Consent Settlement with Montana Environmental Information Center and others. Please see PSE's Response to WUTC Staff Data Request No. 363 for Colstrip ARO units 3 and 4 for more information on the legal basis.
<b>Total Amounts</b>	<b>\$27,088,215</b>	<b>\$34,533,829</b>	<b>\$82,733,947</b>	

There are corresponding ARO's (credits) recognized in FERC Account 230 that are related to the above ARCs.

There is additional information contained in PSE's Responses to the following data requests that are relevant to the above ARCs.

- WUTC Staff Data Request No. 143 – Colstrip 1&2 ARO as of February 28, 2017
- WUTC Staff Data Request No. 144 – Colstrip 1&2 ARO as of September 30, 2016
- WUTC Staff Data Request No. 296 – Colstrip 1&2 ARO and Legal Obligations as of March 31, 2017
- WUTC Staff Data Request No. 299 – Colstrip 3&4 ARO and Legal Obligations as of March 31, 2017