

Exh. JL-11
Dockets UE-190529/UG-190530 and
UE-190274/UG-190275 (*consolidated*)
Witness: Jing Liu

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-190529
and UG-190530 (*consolidated*)**

In the Matter of the Petition of

PUGET SOUND ENERGY

**For an Order Authorizing Deferral
Accounting and Ratemaking Treatment
for Short-life UT/Technology Investment**

**DOCKETS UE-190274 and
UG-190275 (*consolidated*)**

EXHIBIT TO TESTIMONY OF

Jing Liu

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Colstrip Major Maintenance 2017 2018

November 22, 2019

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

WUTC STAFF DATA REQUEST NO. 168:

Re: Major Maintenance Cost – Data Requests in 2018 ERF

Please provide the Company's Confidential Response to UTC Staff Data Request No. 073 in the 2018 Expedited Rate Filing (ERF) proceeding in UE-180899 and UG-180900.

Response:

Attached as Attachment A to Puget Sound Energy's ("PSE") Response to WUTC Staff Data Request No. 168 is PSE's Response to WUTC Staff Data Request No. 073 in the 2018 Expedited Rate Filing ("ERF") proceeding in Dockets UE-180899 and UG-180900.

Attached as Attachment B to PSE's Response to WUTC Staff Data Request No. 168, is an MS Excel file that served as Attachment A to PSE's Response to WUTC Staff Data Request No. 073 in the 2018 ERF.

**ATTACHMENTS A and B to PSE's
Response to
WUTC Staff Data Request No. 168**

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-180899 & UG-180900
Puget Sound Energy
Expedited Rate Filing**

WUTC STAFF DATA REQUEST NO. 073:

RE: Cost associated with Colstrip Outage

Please refer to Mrs. Susan Free's workpaper "NEW-PSE-WP-SEF-9.10E-PowerCosts-TYJun18ERF-11-2018," tab "Test Yr vs As Filed Amor E," Excel row 7, "Colstrip Unit #2 Outage" with Event Date "6/30/2018."

- a. Please explain the nature of this outage and basis for the amortization period.
- b. Please explain how the "monthly amortization as filed in 2017 GRC," \$148,788 was calculated and how the cost of the outage was estimated. Please provide the supporting details in the calculation.
- c. Please explain how the booked amortization in the test year (12 months ended June 2018), \$2,834,735 was calculated. Please provide the supporting details in the calculations.

Response:

Puget Sound Energy ("PSE") provides the following Response to WUTC Staff Data Request No. 073:

- a. The scope of the outage included in the 2017 general rate case was consistent with previous outages for Colstrip Unit 2, which had, to that point, been on a three-year cycle. The amortization period of the 2018 outage was set at 48 months in the 2017 general rate case to reflect the impact of the stipulated shut down of this Unit scheduled for no later than July 2022. It was thought that any outage work performed by Talen in 2021 (three years from the 2018 outage) would be limited in scope and possibly not appropriate for major maintenance treatment as the plant would be expected to operate for only twelve more months. However, as PSE continued to evaluate the ongoing economics of Colstrip Units 1 and 2 and the risks associated with its business partner, Talen, PSE requested the scope of the June 2018 event be scaled back and to include

only the work necessary to keep the plant running safely with an eye towards driving expenditures down.

- b. The \$148,788 monthly amortization was calculated by dividing the \$7,141,838 estimated cost (PSE's 50% share) by the 48 months from completion of the event. The \$7,141,838 represents PSE's 50% share of the \$14,283,676 included in the 2017-2022 Business Plan submitted by Talen, the plant operator in October 2016.
- c. Attached as Attachment A to PSE's Response to WUTC Staff Data Request No. 073, please find an MS Excel file which provides the calculation of the \$2,834,735 of test year amortization expense.

ATTACHMENT A to PSE's Response to WUTC Staff Data Request No. 073

Attachment A to PSE's Response to WUTC Staff Data Request No. 073

SAP Order	Event	2018 ERF Test Year					
		Event Cost	Amort Start Date	Amort Period	Months in TY	Monthly Amort	Test Year Amort
Colstrip 1&2 Amortization							
51304002	2016 Unit #1 Overhaul	\$ 1,144,674	6/1/2016	36	12	\$ 31,797	\$ 381,558
51304002	2016 Unit #1 Overhaul ¹						190,779
51304002	2017 Unit #1 Overhaul	2,504,556	11/1/2017	36	8	69,571	554,266
51304002	2015 Unit #2 Overhaul	5,124,397	7/1/2015	36	12	142,344	1,708,132
51304002	2018 Unit #2 Overhaul	3,093,596	7/1/2018	36	-	85,933	-
Colstrip 1&2 Amortization Total							<u><u>\$ 2,834,735</u></u>
Colstrip 3&4 Amortization							
51305002	2016 Unit #1 Overhaul ¹						\$ (190,779)
51305002	2014 Unit #3 Overhaul	3,254,078	7/1/2014	36	-	90,391	243,799
51305002	2017 Unit #3 Overhaul	4,123,476	10/31/2017	36	9	114,541	1,029,784
51305002	2016 Unit #4 Overhaul	3,075,175	7/1/2016	36	12	85,422	1,025,058
Colstrip 3&4 Amortization Total							<u><u>\$ 2,107,862</u></u>
Combined							<u><u>\$ 4,942,597</u></u>

1 Amount represents a reclassification of 6 months of amortization for the 2016 Unit #1 Overhaul that was previously being booked to SAP order 51305002. Amounts net to zero between SAP orders 51304002 and 51305002 in the ERF testyear.