

1 **Q. What happens if PSE is unsuccessful in satisfying the conditions above?**

2 A. The same as if they were successful. The Company's shareholders bear the risk that
3 any future investment in Unit 3 may be disallowed by the Commission either through
4 the annual power cost review, a General Rate Case (GRC) or a Power Cost Only
5 Rate Case (PCORC). However, failure on the part of PSE to effectuate these three
6 conditions would clearly signal to the Commission that the deal between the
7 Company, Talen and NorthWestern has failed to deliver on its promise regarding
8 certainty of anything at Colstrip.

9

10 **Q. How about Unit 4?**

11 A. The commencement of energy deliveries to PSE under the PPAs with Talen and
12 Northwestern occur once the transactions close. As the costs relating to the PPA in
13 year one occur almost entirely within the 2021 calendar year, Staff recommends that
14 the Commission evaluate the prudence of PSE's PPA with Northwestern and Talen
15 in the PCA annual review which the Company is required to file by May 1, 2022. At
16 that time, Staff can review the results of PSE's Unit 3 retirement proposal vote and
17 the 2022 expenditures approved by the Project Committee in the November 1, 2021
18 budget vote for the purposes of determining the prudence of the PPA's O&M base.

19

20 **Q. Does this conclude your testimony?**

21 A. Yes.