

**Exh. JDW-20r
Dockets UE-240004,
UG-240005, UE-230810
Witness: John D. Wilson**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**DOCKETS UE-240004,
UG-240005 and UE-230810
(Consolidated)**

REVISED EXHIBIT TO TESTIMONY OF

JOHN D. WILSON

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

PSE Response to Staff DR No. 227

August 6, 2024

Revised September 16, 2024

Strike the entirety of JDW-20 and replace with the following:

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-240004 & UG-240005
Puget Sound Energy
2024 General Rate Case**

WUTC STAFF DATA REQUEST NO. 227:

REQUESTED BY: John Wilson

RE: Power Costs

Staff issued the following data request to PSE in Docket UE-230313:

WUTC STAFF INFORMAL DATA REQUEST NO. 29:

Please explain the consequences if the capital required by Chelan PUD to comply with relicensing requirements (for example, as described in Exh. ZCY-3 at 9 and 33) is much larger than projected, or Chelan PUD determines that either project requires unanticipated civil or mechanical capital investments.

- a. Is PSE's potential cost responsibility unlimited? In other words, could the cost of the Chelan PSA substantially exceed the PSA estimate provided in Exh. ZCY-1CT at 5?
- b. In such circumstances, could PSE exit the contract? If PSE exits the contract, will it continue to be liable for the Fixed Annual Charge even if it does not take power from the project?

Please provide the same response PSE provided when it responded to that data request in Docket UE-230313. If PSE has an update to the information requested, please provide that update as well.

Response:

Below, please find Puget Sound Energy's ("PSE") Response to WUTC Staff Informal Data Request No.029¹ in Docket UE-230313 that includes an update in the final

¹ Chelan PUD's 65% share of Rocky Reach and Rock Island projects ("Projects") discussed in PSE's Response to WUTC Informal Data Request No. 029(a) reflects Chelan PUD's contract with another third party to sell up to 10 percent of the Projects to that third party.

paragraph to reflect that the paragraph is directly responsive to WUTC Staff Informal Data Request No. 029 (b).

Any capital requirements associated with the Rock Island relicensing, or any unanticipated civil or mechanical capital investments will be considered in the Net Cost calculation as described in Appendix A to the Chelan Power Sales Agreement (“Chelan PSA”). See the Third Exhibit to the Prefiled Direct Testimony of Zacarias C. Yanez, Exh. ZCY-4 at 79 to 85. It is important to note that the relicensing schedule identified on page 29 of the Second Prefiled Exhibit to the Prefiled Direct Testimony of Zacarias C. Yanez, Exh ZCY-3 is planned to begin in 2023 and end in 2028. This timeline places the Rock Island relicensing, and any associated costs incurred in this window, under the scope of the existing Chelan Power Sales Agreement (“PSA”) scheduled to expire in October 2031 (“2006 Chelan PSA”). The Chelan PSA is functionally a renewal or extension of the 2006 Chelan PSA, and the terms for Net Costs are materially the same for both contracts. PSE would have an obligation to pay the Purchaser’s Share, 25%, of any Net Costs incurred prior to the start of the Chelan PSA under the terms of the 2006 Chelan PSA. Any financing costs that extend beyond the term of the 2006 Chelan PSA will be reflected in the Net Costs of the new Chelan PSA.

- a. PSE would be responsible for a 25% share of any Net Costs with no cap on the costs. However, as described in Exh. ZCY-3 at 25 and 26, Chelan PUD will retain up to 65% of the Rocky Reach and Rock Island projects (collectively, “Projects”). Chelan PUD’s and PSE’s interests in making economic investments are aligned as Chelan PUD’s retail customers will face a larger share of the Net Costs.
- b. Except as explained in PSE’s Response to WUTC Staff Informal Data Request No. 30, PSE must pay the Fixed Annual Charge even if PSE does not take power from the project. PSE does not have rights to terminate the contract, and failure to pay or take power could result in an event of default. Per the terms of the Chelan PSA an event of default could trigger Chelan PUD’s right to terminate the contract and seek calculated damages, see Exh. ZCY-4 at 57 to 63.