

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Docket Nos. UE-111048 and UG-111049
Puget Sound Energy, Inc.'s
2011 General Rate Case**

SIERRA CLUB DATA REQUEST NO. 02.07

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Reference Testimony of Aliza Seelig, Exhibit AS-3HC, page 170 of 481: “The 2009 IRP assumes that Colstrip would retire early, with units 1 and 2 retiring in 2020 and units 3 and 4 retiring in 2024 and 2027. Based on PSE’s operating and maintenance practices, the capacity phase of the RFP assumes that Colstrip does not retire during the 20-year model horizon.”

- a. Explain the basis for PSE’s assumption in the RFP process that Colstrip would not retire during the 20-year model horizon?
- b. When does PSE currently intend to retire Colstrip? If this date is different than the date in the 2009 IRP, explain why it is different.
- c. What are the “operating and maintenance practices” that the Seelig testimony refers to?

Response:

- a) In its 2009 Integrated Resource Plan (“IRP”), Puget Sound Energy, Inc. (“PSE”) used results of the depreciation study that was submitted in PSE’s 2007 general rate case, Docket Nos. UE-072300 and UG-072301, as the basis for the assumption of when the Colstrip units would retire. The intent in PSE’s 2009 IRP was to be consistent between assumptions for ratemaking and long-term resource analysis. PSE’s 2007 general rate case settled. Part of the settlement agreement included lengthening the life of all four Colstrip units for calculating depreciation expenses to be reflected in rates. Subsequent to PSE’s 2009 IRP, assumptions for long-term resource analysis were updated to be consistent with that settlement agreement, which pushes the assumed retirement beyond the 20-year planning horizon.
- b) For ratemaking purposes, in this proceeding PSE retained the assumption agreed to in the stipulation agreement referenced in PSE’s Response to Sierra Club Data Request No. 02.07(a), above; *i.e.*, that Colstrip will be operational beyond the 20-year planning horizon. Operationally, there is no specific date by which PSE and the other joint owners intend to retire Colstrip.

- C) In the reference to PSE's operations and maintenance practices on page 170 of the Second Exhibit to the Prefiled Direct Testimony of Aliza Seelig, Exhibit No. ____ (AS-3HC), PSE was identifying that PSE and the joint owners do not have a specific retirement date for Colstrip included in their ongoing budget for the plant.