

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. 01.22

SIERRA CLUB DATA REQUEST NO. 01.22:

Please provide any company documents examining environmental compliance requirements or costs for the following proposed federal regulations:

- a. Clean Air Act Utility Steam Air Toxics Rule ("National Emission Standards for Hazardous Air Pollutants from Coal- and Oil-fired Electric Utility Steam Generating Units [etc..]")
- b. Clean Water Act Cooling Water Intake Structures Rule ("National Pollutant Discharge Elimination System--Cooling Water Intake Structures at Existing Facilities and Phase I Facilities; Proposed Rule")
- c. Resource Conservation and Recovery Act Coal Combustion Residuals Rule ("Hazardous and Solid Waste Management System; Identification and Listing of Special Wastes; Disposal of Coal Combustion Residuals From Electric Utilities; Proposed Rule")
- d. National Ambient Air Quality Standards (NAAQS) for ozone

Response:

Puget Sound Energy, Inc. ("PSE") objects to Sierra Club Data Request No. 01.22 as overly broad and unduly burdensome in that the scope of the request is unlimited as to time. PSE further objects to Sierra Club Data Request No. 01.22 because it calls for information that is outside the scope Sierra Club's intervention in this proceeding. PSE further objects to Sierra Club Data Request No. 01.22 to the extent it calls for information protected by the attorney-client privilege or the work product doctrine. PSE will not be providing such information. Without waiving these objections, and subject thereto, PSE responds as follows:

- a. Please see PSE's Response to Sierra Club Data Request 01.19. Additionally, attached as Attachment A, please find comments submitted by PSE to the U.S. Environmental Protection Agency regarding the "National Emission Standards for Hazardous Air Pollutants from Coal- and Oil-fired Electric Utility Steam Generating Units [etc..]".

- b. Please see the PSE Response to Sierra Club Data Request 01.19.
- c. Attached as Attachments B, C, D, and E to PSE's Response to Sierra Club Data Request No. 01.22, please find various documents regarding the Resource Conservation and Recovery Act Coal Combustion Residuals Rule.
- d. Please see PSE's Response to Sierra Club Data Request 01.19.



Briefing Paper: PSE Perspective on EPA Coal Ash Regulations November 2010

Issue

Coal Combustion Byproducts (“coal ash”) are a byproduct from coal combustion and the plants’ pollution control systems. The Environmental Protection Agency (EPA) issued proposed rules on the regulation of coal ash waste from power plants to be issued in April 2010, which may regulate coal ash as follows:

- Under the Resource Conservation and Recovery (RCRA) as Subtitle C (hazardous waste);
- Under RCRA Subtitle D (non-hazardous waste); or
- A hybrid proposal, called “D Prime”

Background

Following the major coal ash spill by the Tennessee Valley Authority (TVA) in December 2008, there is renewed pressure on EPA to change course from previous policy determinations and regulate coal ash as hazardous waste. The EPA released its proposed rules on the regulation of coal ash waste in April 2010 and comments are due to EPA no later than November 19, 2010..

More than half of the states’ environmental regulatory agencies have recently sent letters to EPA opposing the regulation of coal ash as hazardous, citing, among other concerns, costly additional administrative burdens and the lack of appropriate disposal space. Many state governors and other groups have weighed-in due to their grave concern that the beneficial reuse of coal ash for construction and other productive purposes could be adversely impacted.

PSE Perspective

PSE strives to hold down its customers' energy costs by maintaining a balanced power-supply portfolio containing a diversified mix of cost-effective resources including wind, hydroelectric, and thermal resources. PSE partially owns a coal facility in Colstrip, Montana that provides cost-effective power for our customers with responsible and state-of-the art environmental controls.

Potential PSE Costs if EPA Regulates Coal Ash as “Hazardous Waste”:

- If the ash is classified by EPA as hazardous waste and assuming that on-site ponds could be permitted and modified, it is estimated that PSE's share of the remediation costs for the site could reach approximately \$30-35 million plus increases to O&M costs of \$3-5 million per year.
- If existing on-site ponds cannot be utilized, off-site disposal is estimated at up to \$300/ton. The plant produces 1.3 million tons per year, so under this scenario PSE's annual cost for its 32% ownership share could exceed \$100 million.

PSE strongly opposes the unnecessary and costly classification of coal ash under Subtitle C (“hazardous”). Two previous determinations by EPA concluded that coal ash did not need to be managed as a hazardous waste. However, mindful of the need to balance protection of the environment with cost-effective electricity, PSE would support giving EPA formal oversight over the individual states’ regulation of coal ash under a Subtitle D (“non-hazardous”) classification.