

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY

Respondent.

DOCKETS UE-220066, UG-220067, and UG-210918 (*Consolidated*)

**CROSS-EXAMINATION EXHIBIT OF ALEX J. KRONAUER
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT AJK-__X

Walmart Response to Public Counsel Data Request Nos. 2 and 3

September 26, 2022

220066-67/Walmart
 September 8, 2022
 Public Counsel Data Requests 001-007

PC-2 Re: Tacoma LNG. Settlement Stipulation and Agreement on Tacoma LNG.

Background: The Settlement Agreement states (at 4, § III.B), “The Settling Parties accept a determination that the decision to build the regulated portion of the Tacoma LNG Facility was prudent, thus PSE has met its threshold prudence requirement to demonstrate that the investment can be provisionally included in rates in a tracker.”

Concerning the phrase “the decision to build the regulated portion of the Tacoma LNG Facility was prudent ...”

- a) Please explain Walmart’s understanding of the use of the word “prudent” in the quoted phrase.
- b) Please answer yes or no. Does prudent in this context mean that as configured currently with injection volumes limited to 50 million cubic feet per day (MMCFD) the decision build the Tacoma Plant was prudent?
- c) If the answer to sub-part ‘b’ is yes, does Walmart agree that spending to achieve 66,000 MMCFD of injection capability above the 50 MMCFD was not prudent? Please explain your answer.
- d) If the answer to sub-part ‘b’ is no, please explain your answer with respect to your answer to sub-part ‘a’.
- e) Please answer yes or no. Has Walmart conducted any analyses concerning whether the facility was prudent within Walmart’s understanding of the meaning of the quoted section.
- f) If the answer to sub-part ‘e’ is yes, please provide all supporting data, analysis, and workpapers developed by Walmart concerning prudence of the Tacoma LNG project.
- g) If a facility (not just the Tacoma LNG facility, but in general) was prudent for a utility to build at the time the decision to build it was made, but never became used and useful, is it Walmart’s view that prudently incurred costs to build the facility should be recovered by a utility? Please explain your answer.
- h) Please answer yes or no. If the Tacoma LNG facility does not become used and useful, does the Settlement Agreement preserve parties’ rights to challenge the inclusion of Tacoma LNG project costs in rates?
- i) If the answer to sub-part ‘h’ is yes, do parties’ rights to challenge the inclusion of Tacoma LNG project costs extend beyond the year 2023?
- j) If the answer to sub-part ‘i’ is no, please explain where in the Settlement Agreement this is stated.
- k) If the answer to sub-part ‘h’ is no, please explain where in the Settlement Agreement this is stated.
- l) Please answer yes or no. Is it Walmart’s understanding that the Settlement Agreement preserves the parties’ rights determine whether any or all of the LNG facility costs are prudent?
- m) If the answer to sub-part ‘l’ is yes, does the Settlement Agreement preserve the parties’ rights to challenge the prudence of all of the LNG facility costs? Please explain your answer.
- n) If the answer to subpart ‘l’ is no, please explain which costs a party can no longer

¹ Settlement Stipulation and Agreement on Tacoma LNG at 2.

² Settlement Testimony of Bradley T. Cebulko, Exh. BTC-7T at 1:20–21

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challenge as prudent as a result of the Settlement Agreement.

o) Please answer yes or no. Does the Settlement Agreement preserve the parties' rights to determine what LNG distribution costs are prudent?

p) If the answer to subpart 'o' is yes, please explain the proceeding where the opportunity for parties to challenge the prudence of LNG distribution costs will occur.

q) If the answer to sub-part 'o' is no, please explain where in the Settlement Agreement this is stated other than referring to paragraph 18, section A.4 which refers to how distribution costs are recovered.

r) If a facility was prudent for a utility to build at the time the decision to build it was made but never became used and useful, does it provide any benefits to ratepayers

Response to PC-2

- a) Prudence is a finding that a decision made was reasonable based on the information known or should have been known at the time the decision was made.
- b) n/a, the injection volumes are not limited to 50 MMCFD.
- c) n/a, see response to subpart (b)
- d) See response to subparts (a) & (b).
- e) No.
- f) n/a
- g) Costs should only be recovered for plant that is used and useful.
- h) n/a, the facility is already in service.
- i) n/a
- j) n/a
- k) n/a
- l) Yes.
- m) It preserves the parties' rights to challenge the prudence of all costs related to the Tacoma LNG Facility that PSE proposed to include in its revenue requirement in the general rate case in this docket
- n) n/a
- o) No.
- p) n/a
- q) That is where it is stated.
- r) No.

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² Settlement Testimony of Bradley T. Cebulko, Exh. BTC-7T at 1:20-21

PC-3 Re: Tacoma LNG. Settlement Stipulation and Agreement on Tacoma LNG.

Background: The Settlement Agreement states (at 4, § III.B), “The Settling Parties accept a determination that the decision to build the regulated portion of the Tacoma LNG Facility was prudent, thus PSE has met its threshold prudence requirement to demonstrate that the investment can be provisionally included in rates in a tracker.”

- a) Please explain Walmart’s understanding of the use of the word “threshold prudence” in the quoted section.
- b) How does “threshold prudence” differ from “the decision to build the regulated portion of the Tacoma LNG Facility was prudent”?
- c) If PSE has met threshold prudence, has it met the prudence of its design, location, and sizing of the facility?
- d) Does “The Settling Parties accept a determination that the decision to build the regulated portion of the Tacoma LNG Facility was prudent ...” mean that Walmart agrees that PSE’s decision to build the regulated portion of the Tacoma LNG Facility was prudent? Or, does it mean that Walmart merely accepts the determination neither agreeing nor disagreeing that the decision was prudent?

Response to PC-3

- a) Only the decision to build the regulated portion of the Tacoma LNG Facility was prudent and this is sufficient for it to be included in rates in a tracker.
- b) There is no difference.
- c) See response to subpart (a).
- d) The language means what it says, Walmart accepts the determination.

¹ Settlement Stipulation and Agreement on Tacoma LNG at 2.

² Settlement Testimony of Bradley T. Cebulko, Exh. BTC-7T at 1:20–21