

**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 OF JUSTIN BIEBER
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT JB-__X

Kroger Co.'s Response to Public Counsel Data Request Nos. 2 and 3

September 26, 2022

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 Kroger’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 Kroger 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 Kroger conducted any analyses concerning whether the facility was prudent within Kroger’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 Kroger 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 Kroger’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 Kroger’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 sub-part ‘l’ is no, please explain which costs a party can no longer 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 sub-part ‘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? Please explain your answer.

RESPONSE

- a) In this context, the word prudent means that the decision to proceed was reasonable, based on the information that was available at the time, taking into account the system need and cost.
- b) Based on the Company's testimony in this proceeding, it is Kroger's understanding that the injection volumes are not limited to 50 MMCFD. See Prefiled Testimony (Nonconfidential) of Ronald J. Roberts in Support of Multiparty Settlement, Exh. RJR-30T at 35:20 to 37:5; in which Mr. Roberts explains that injection volumes are not limited to 50,000 MMcf/d.
- c) See response to PC-2 (b).
- d) See response to PC-2 (b).
- e) No.
- f) N/A.
- g) Kroger cannot speculate on this hypothetical situation without more detail. It depends on the circumstances.
- h) Based on PSE's testimony in this proceeding, it is Kroger's understanding that the Tacoma LNG facility is in-service. However, the settlement does allow parties to challenge cost recovery after PSE files for recovery through a tracker.
- i) Yes.
- j) N/A.
- k) N/A.
- l) Yes.
- m) Yes. The Settlement Agreement says: "All parties retain all rights to challenge LNG costs when PSE files tariff revisions for the tracker."
- n) N/A
- o) No.
- p) N/A
- q) The Tacoma LNG Settlement Agreement states that LNG distribution costs will be recovered in base rates, and the Revenue Requirement Settlement Agreement states that parties do not object to prudence for plant investment through 2021. The LNG distribution costs were in service by 2019.
- r) Kroger cannot speculate on a vague, hypothetical situation. It depends on the circumstances.

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 Kroger’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 Kroger agrees that PSE’s decision to build the regulated portion of the Tacoma LNG Facility was prudent? Or, does it mean that Kroger merely accepts the determination neither agreeing nor disagreeing that the decision was prudent?

RESPONSE

- a) In this context, Kroger understands “threshold prudence” to mean that PSE’s decision to proceed with the regulated portion of the Tacoma LNG facility met the WUTC’s prudency standards and therefore the costs incurred to build the regulated portion of the facility can be provisionally recovered through a tracker and that the costs in the tracker can be challenged when PSE files tariff revisions.
- b) Kroger understands these terms are intended to convey the same meaning in the context of the settlement.
- c) Yes.
- d) Kroger accepts the determination as part of the Settlement Agreement.