

EXHIBIT NO. _____ (TMP-11)
DOCKET NOS. UE-170033/UG-170034
2017 PSE GENERAL RATE CASE
WITNESS: THOMAS MICHAEL POWER

BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

DOCKETS UE-170033 and UG-170034
(Consolidated)

EXHIBIT TMP-11 TO THE
CROSS-ANSWERING TESTIMONY (NON-CONFIDENTIAL) OF
THOMAS MICHAEL POWER
ON BEHALF OF NORTHWEST ENERGY COALITION, RENEWABLE NORTHWEST,
AND NATURAL RESOURCES DEFENSE COUNCIL
NON-CONFIDENTIAL

AUGUST 9, 2017

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-170033 and UG-170034
Puget Sound Energy
2017 General Rate Case**

ICNU DATA REQUEST NO. 111

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Reference the Company's response to ICNU Data Request 103:

The Company's response is not responsive because it does not state whether the early closure of Colstrip Units 1 and 2 result in net benefits to customers. After referring to the Company's response to WUTC Data Request 185, ICNU has interpreted the Company's response to be that the Company believes there are net benefits associated with the early retirement of Colstrip Units 1 and 2." Is ICNU's interpretation of the Company's response correct? Please respond "yes" or "no" and provide an explanation for the Company's answer.

Response:

Puget Sound Energy ("PSE") objects to ICNU Data Requests No. 111 as vague and ambiguous with respect to the reference to "early" retirement, as discussed below. Without waiving these objections, and subject thereto, PSE responds as follows:

There has been no date set for the retirement of Colstrip Units 1 and 2 other than the date established in the court-approved settlement of the Sierra Club and Montana Environmental Information Center lawsuit in September 2016. That settlement set the retirement for Colstrip Units 1 and 2 as on or before July 1, 2022. As stated in the Prefiled Direct Testimony of Ronald J. Roberts, Exhibit No. ___(RJR-1CT), page 39 line 5, PSE intends the units to remain in operation until July 2022, barring unforeseen circumstances. Therefore, there is no "early retirement" date established. PSE had prepared the analyses provided in PSE's Response to WUTC Staff Data Request 185 to analyze the economic impacts should Talen Energy elect not to continue operation of its share of Colstrip Units 1 and 2 and PSE is faced with being the sole operator. As reflected in PSE's Response to WUTC Staff Data Request No. 185, that analysis indicates the net portfolio costs under a "sole operator" scenario would be higher than the business as usual case.

If PSE assumes ICNU is interpreting early retirement based on the negotiated depreciable life span in WUTC Docket UE-072300 that indicated retirement in

2034/2035, then yes, PSE believes there is a customer net benefit. As stated in the Prefiled Direct Testimony of Ronald J. Roberts, Exhibit No. ___(RJR-1CT), PSE anticipates additional cost for future environmental regulation compliance, possible future carbon pricing, a long term low cost natural gas market, and other operational uncertainties at Colstrip Units 1 and 2 ,which are already more than forty years old. PSE's Response to WUTC Staff Data Request No. 185 would not be relevant if assuming this 2034 scenario.