

EXHIBIT NO. \_\_\_\_\_ (TMP-12)  
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-12 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**

**“CONFIDENTIAL” “HIGHLY CONFIDENTIAL” Table of Contents**

<b>DR NO.</b>	<b>“CONFIDENTIAL” Material</b>
<b>111</b>	Designated information is HIGHLY CONFIDENTIAL per Protective Order in WUTC Dockets UE-170033 & UG-170034 as marked in Attachments A-D of PSE’s First Supplemental Response to ICNU Data Request No. 111.

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-170033 and UG-170034  
Puget Sound Energy  
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**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.

**First Supplemental Response:**

As requested by email from counsel for ICNU, dated June 21, 2017, Puget Sound Energy is supplementing Puget Sound Energy’s Response to ICNU Data Request No. 111 to provide the quantitative benefits to customers identified by Puget Sound Energy in analyses conducted in February 2016 of closure of Colstrip Units 1 & 2 in 2023 as compared to the continuing operations of Colstrip Units 1 & 2 until 2035.

PSE conducted analyses in February of 2016 that considered the impact on power costs of several scenarios regarding Colstrip Units 1 & 2, including (i) a scenario in which Colstrip Units 1 & 2 would be shut down in 2023 and (ii) a scenario in which selective catalytic reduction equipment would be installed to Colstrip Units 1 & 2 that would allow the units to operate until they were shut down in 2035. PSE’s analyses conducted in February of 2016 demonstrated a net benefit of \$315 million in power costs associated with shutting down Colstrip Units 1 & 2 in 2023 as compared to installing selective catalytic reduction equipment at Colstrip Units 1 & 2 and operating the units until 2035.

	<b>2023-2038 No SCR (\$ millions)</b>	<b>2035-2042 Business as Usual w/ SCR (\$ millions)</b>
Portfolio Costs	\$12,741	\$12,724
Clean Power Plan Costs	\$106	\$437
<b>Total Portfolio Costs</b>	<b>\$12,847</b>	<b>\$13,162</b>

Attached as Attachments A-D to PSE’s First Supplemental Response to ICNU Data Request No. 111 is a CD-ROM that includes the analyses conducted by PSE in February of 2016 that considered the impact on power costs of several scenarios regarding Colstrip Units 1 & 2.

Due to size, Attachments A-D to PSE's First Supplemental Response to ICNU Staff Data Request No. 111 are provided in electronic format only.

Attachment A	Close Colstrip 1 and 2 in 2023 and Colstrip 3 and 4 in 2038
Attachment B	Close Colstrip 1 and 2 in 2023 and Colstrip 3 and 4 in 2038 with Clean Power Plan
Attachment C	Close Colstrip 1 and 2 in 2035 and Colstrip 3 and 4 in 2042
Attachment D	Close Colstrip 1 and 2 in 2035 and Colstrip 3 and 4 in 2042 with Clean Power Plan

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