EXHIBIT NO. \_\_\_\_\_ (TMP-13R)

DOCKET NOS. UE-170033/UG-170034

2017 PSE GENERAL RATE CASE

WITNESS: THOMAS MICHAEL POWER

BEFORE THE WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

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| WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,  Complainant,  v.  PUGET SOUND ENERGY,  Respondent. | DOCKETS UE-170033 and UG-170034 (Consolidated) |

EXHIBIT TMP-13R TO THE

CROSS-ANSWERING TESTIMONY (NON-CONFIDENTIAL) OF

THOMAS MICHAEL POWER

ON BEHALF OF NORTHWEST ENERGY COALITION, RENEWABLE NORTHWEST, AND NATURAL RESOURCES DEFENSE COUNCIL

REDACTED/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**

**WUTC STAFF DATA REQUEST NO. 185**

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

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| **DR NO.** | **“CONFIDENTIAL” Material** |
| **185** | Designated Information in PSE’s Response to WUTC STAFF Data Request No. 185 is CONFIDENTIAL per Protective Order in WUTC Dockets UE-170033 and UG-170034. |

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**Dockets UE-170033 and UG-170034**

**Puget Sound Energy**

**2017 General Rate Case**

**WUTC STAFF DATA REQUEST NO. 185**

**WUTC STAFF DATA REQUEST NO. 185:**

Please provide any studies, reports, or other documents demonstrating that Colstrip Units 1 and 2 would be uneconomical to operate in the absence of a co-owner.

**Redacted Version**

**Response:**

Puget Sound Energy (“PSE”) prepared an analysis comparing the portfolio costs of three potential ownership scenarios: (1) Scenario 1: Colstrip Units 1 and 2 continue to operate business as usual with two co-owners until shutdown in 2022; (2) Scenario 2: PSE becomes the sole operator of Colstrip Units 1 and 2 (up to PSE’s maximum capacity of 307 MW) until shutdown in 2022, thereby absorbing 100% of the fixed costs; and (3) Scenario 3: Colstrip Units 1 and 2 shut down early in 2017. In addition, PSE ran the cases under two different scenarios, with and without a CO2 tax.

As shown below, PSE estimates the added present value cost of Scenario 2 is $███████.

PSE estimates the present value impact of Scenario 3 ranges from a cost of $███████ to a benefit of $███████.

The estimated present value cost of Scenario 2 as compared to Scenario 3, ranges from $███████to $██████.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Portfolio Costs ($ in Millions)** | **w/CO2** | **Change from Business as Usual Cost/(Benefit)** |  | **No CO2** | **Change from Business as Usual Cost/(Benefit)** |
|  |  |  |  |  |  |
| Colstrip Shutdown 2022 Business as Usual | $███████ | $███████ |  | $███████ | $███████ |
| Colstrip Shutdown 2022 PSE Sole Operator | $███████ | $███████ |  | $███████ | $███████ |
| Colstrip Shutdown 2017 | $███████ | $███████ |  | $███████ | $███████ |

PSE has detailed files with confidential modeling supporting this analysis and will supplement this Response.