



August 31, 2017

Kimberly Harris, CEO
Puget Sound Energy, Inc
10885 NE 4th St
Bellevue, WA 98004

RE: Colstrip Coal Plant

Dear Puget Sound Energy CEO Kimberly Harris:

Thank you for committing to retire the two most toxic boilers at the Colstrip coal plant. This decision is a tremendous victory for our climate, and we commend PSE for its leadership in moving the Northwest beyond coal. However, the job is not done. It is extremely urgent for PSE to retire the remaining two units—Units 3 and 4—no later than 2025.

Why 2025? There are three key reasons why PSE must get off coal by 2025:

1. King County's Strategic Climate Action Plan calls on the county to "phase out coal-fired electricity" by 2025. The County Council has formally adopted the plan, and 13 King County mayors have signed the agreement. That means that half of PSE's customer base is committed to getting off coal by 2025. The County cannot achieve its targets unless PSE makes the responsible choice to retire Colstrip Units 3 and 4.
2. The owner of the Rosebud coal mine, the sole source of coal for the Colstrip coal plant, predicts that Rosebud will run out of coal in currently mined areas by the end of 2024. If PSE continues to operate Colstrip past 2025, it will likely facilitate an unlawful expansion of the mine, which has already destroyed thousands of acres of pristine habitat, severely disrupted the aquifer, and heavily polluted the groundwater in Colstrip.
3. With fossil executives in power at the federal level and President Trump withdrawing from the Paris Accord, this is the moment for strong state-based leadership on climate change. As Washington's largest electric utility, Puget Sound Energy has a particular responsibility to lead the way. Retiring Colstrip is

the single most important step that Washington can take to act on climate. The first compliance deadline for the Paris Accord is December 31, 2024.

Puget Sound Energy has the power to make Washington a national leader on climate by retiring Colstrip no later than 2025. That is why it is vital that PSE move quickly to formalize the retirement of Colstrip Units 3 and 4.

Sincerely,


Representative Beth Doglio
22nd Legislative District

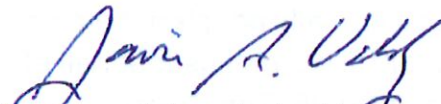

Senator Karen Keiser
33rd Legislative District



Representative Mia Gregerson
33rd Legislative District



Senator Sam Hunt
22nd Legislative District


Representative Tana Senn
41st Legislative District

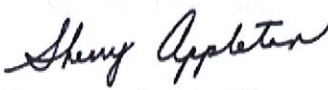

Senator Mark Mullet
5th Legislative District


Representative Javier Valdez
46th Legislative District


Senator Rebecca Saldaña
37th Legislative District


Representative Derek Stanford
1st Legislative District



Senator Kevin Ranker
40th Legislative District


Representative Sherry Appleton
23rd Legislative District

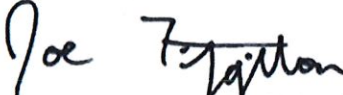

Senator Lisa Wellman
41st Legislative District


Representative Vandana Slatter
48th Legislative District


Senator Christine Rolfes
23rd Legislative District


Representative Roger Goodman
45th Legislative District


Representative Eileen Cody
34th Legislative District


Representative Joe Fitzgibbon
34th Legislative District


Representative Laurie Dolan
22nd Legislative District

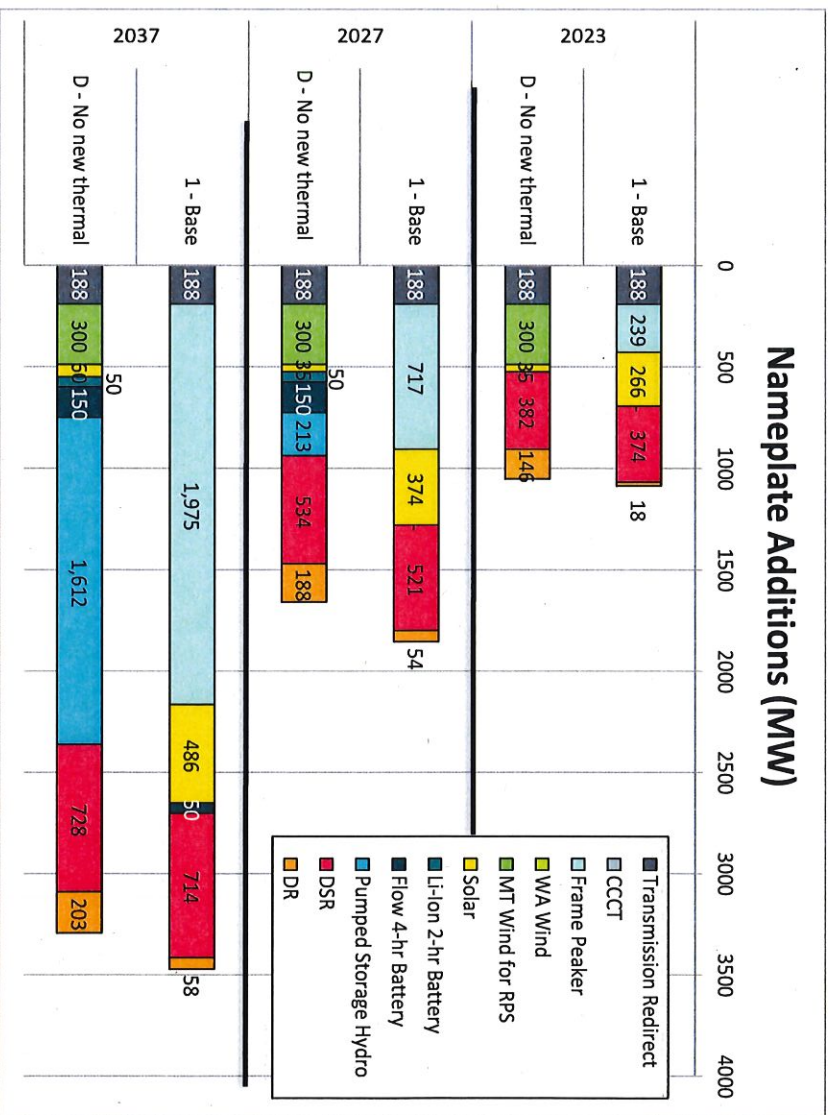

Representative Steve Bergquist
11th Legislative District


Representative Sharon Tomiko-Santos
37th Legislative District

D. No New Thermal Resources

What would it cost to fill all future resource needs without new carbon emitting resources?

Portfolio Cost (\$Millions)	NPV
1 - Base	\$11,981
D - No New Thermal Resources	\$13,343
Difference in Cost	\$1,362



Colstrip Results: Carbon Regulation That Affects Dispatch Cost Will Challenge Economics of Colstrip

\$ in Millions

	Base Case		Base No CO2	
	Carbon	Benefit/(Cost)	No Carbon	Benefit/(Cost)
Base Portfolio	\$ 11,915		\$ 10,442	
Colstrip 1&2 in 2018	\$ 11,944	\$ (30)	\$ 10,456	\$ (14)
Colstrip 3&4 in 2025	\$ 11,766	\$ 149	\$ 10,647	\$ (192)
Colstrip 3&4 in 2030	\$ 11,833	\$ 82	\$ 10,508	\$ (66)

Colstrip transmission: analysis does not reflect changes in amortization of transmission related capital costs, which may tend to slightly overstate the benefit of early retirement.

Eastern interconnect: contract expires in 2027

Garrison to PSE transmission (BPAT): assume contract expires in parallel with Colstrip retirement



Assumptions

The costs for Colstrip operations is as follows:

- Fixed and variable O&M
- Coal costs
- Capital costs
- Relevant taxes
- Transmission

Continuing post shutdown

- Operational and ongoing environmental costs past the shutdown date
- Dispatch of the units is based on the market vs. variable cost of running the units
- Carbon tax starting in 2022 at \$19/MWh (base scenario) would limit the dispatch on Colstrip

Depreciation Expenses

- Early shutdown of Colstrip 1&2 in 2018: assumes 5 year amortization of unamortized costs
- Colstrip 3 & 4: The 2025 and 2030 cases adjust depreciation to match the shutdown dates

