



## King County

### **Dow Constantine**

King County Executive

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November 21, 2017

Steven V. King  
Executive Director  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
1300 S. Evergreen Park Dr. SE  
Olympia, WA 98504-7250

RE: Puget Sound Energy tariff revision, Docket UE-170033

Dear Mr. King:

I am writing in support of the Multiparty Settlement Stipulation and Agreement (“Settlement Agreement”) filed in Puget Sound Energy’s General Rate Case proceeding (Docket UE - 170033). I encourage the Commissioners of the Washington Utilities and Transportation Commission to approve the Settlement Agreement, which has been signed by ten parties representing a wide range of viewpoints and interests. The Agreement provides a framework for the future of the Colstrip coal plant that provides environmental and equity benefits to both Puget Sound Energy (“PSE”) ratepayers, and the public at large.

I support the provisions of the Settlement Agreement that allow for a responsible treatment of the undepreciated plant balances for Colstrip units 1 & 2, and that provide for an accelerated depreciation for Units 3 & 4, and that fund transition measures for the Colstrip community. I also applaud the stakeholder agreement to support low – income households with an increase in funding for the Home Energy Lifeline Program.

Confronting climate change and accelerating a transition to a clean energy economy is a top priority for King County. We have established shared, formal targets to reduce greenhouse gas emissions by at least 50 percent by 2030 and 80 percent by 2050. To meet these climate goals, King County and 13 cities within the county have set a target of increasing countywide renewable electricity use to 90 percent by 2030, working with utilities and regulators to phase out coal-fired electricity sources by 2025 and limit the construction of new natural gas-based electricity plants. In light of King County’s ambitious climate goals, the Settlement Agreement is a significant step forward.

In my comment letter on PSE's General Rate Case proceeding dated August 29, 2017, I advocated for a rate structure that fairly distributes the closure and remediation costs of units 1 & 2 among current and future users. The Settlement Agreement meets this goal. The proposal is fair to PSE and ratepayers by adjusting the depreciation expense appropriately, and using production tax credits to offset any remaining unrecovered plant balance. This solution reduces ratepayer expense and aligns the benefits of the production tax credits with the costs related to Colstrip operations.

Further, I support the Settlement Agreement's proposal of a depreciable life for Colstrip units 3 & 4 of December 2027 and planning for and funding the just transition of the Colstrip community. Setting an earlier date provides the opportunity for costs to be recovered sooner, thus avoiding the situation faced with Units 1 & 2, where an extended depreciation life resulted in significant unrecovered asset balances. The Colstrip plant will eventually close, and the workers and community dependent on the plant will be at risk. It is prudent to put forward funding now to plan the transition and build community resilience.

I understand that the Office of the Attorney General's Public Counsel has raised concerns about the proposal's 2027 retirement date for Colstrip Units 3 & 4, characterizing it as "early" and suggesting an extended timeline as late as 2035 with a recommendation of 2030. I disagree. The Settlement Agreement adequately protects both ratepayers and residents and reflects the numerous comments by PSE customers, both residential and commercial, calling for cleaner energy supplies. This Agreement provides a consensus-built framework for transitioning to a cleaner energy system while raising electrical rates for ratepayers by only 0.9 percent

Thank you for the opportunity to provide comments on the Settlement Agreement. I thank PSE, UTC staff, and the other settling parties for their hard work to develop a path for the transition from Colstrip that benefits King County ratepayers and residents.

Sincerely,

A handwritten signature in black ink that reads "Dow Constantine". The signature is written in a cursive, flowing style.

Dow Constantine  
King County Executive