

**COLSTRIP TRANSMISSION SYSTEM
SCOPING DOCUMENT**

**Dockets UE-170033 and UG-170034
August 16, 2018**

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COLSTRIP TRANSMISSION SYSTEM SCOPING DOCUMENT

I. Introduction

On December 5, 2017, the Washington Utilities and Transportation Commission (the “Commission”) entered a final order accepting a multi-party settlement agreement (“Settlement”) in the most recent general rate case of Puget Sound Energy (“PSE”) in Dockets UE-170033 and UG-170034. The Settlement included a provision that PSE be the primary author of a scoping document that is intended to:

- (i) identify any known policy or contractual barriers and the technical questions surrounding the use of the Colstrip Transmission System following closure of Colstrip Units 1 and 2,
- (ii) identify methods, forums, and possible timelines for addressing barriers and technical questions, and
- (iii) provide information regarding, and promote an understanding of, the applicable processes and procedures, studies, and timelines for addressing these questions, including but not limited to those specified in the Open Access Transmission Tariffs of the Colstrip Transmission System owners for requesting and procuring interconnection to and transmission on the Colstrip Transmission System.

The Settlement also instructed PSE to include feedback from interested stakeholders on the scoping document and directed the Commission to host a workshop so that parties could provide feedback to PSE to consider in drafting the scoping document.

The Commission held a workshop on April 30, 2018, at which PSE presented information on the Colstrip Transmission System and answered questions and received feedback from workshop attendees. Common themes for questions and feedback that emerged during the workshop included:

- (1) contracts governing the use of the Colstrip Transmission System;

- (2) redirecting transmission on the Colstrip Transmission System;
- (3) ways in which the Colstrip Transmission System might be utilized after the closure of Colstrip Units 1 and 2; and
- (4) PSE transmission ratemaking on the Colstrip Transmission System.

PSE has prepared this scoping document per the terms of the Settlement and is filing this final copy with the Commission in Dockets UE-170033 and UG-170034.¹ Per the terms of the Settlement, this scoping document identifies (i) known policy or contractual barriers and the technical questions surrounding the use of the Colstrip Transmission System following closure of Colstrip Units 1 and 2 and (ii) methods, forums, and possible timelines for addressing these known barriers and technical questions. This scoping document does not address speculative future scenarios or uses for the Colstrip Transmission System.

As a transmission provider subject to the jurisdiction of the Federal Energy Regulatory Commission (“FERC”), PSE must comply with its FERC-approved electric tariffs, which govern the procedure, timeline, and cost-allocation of conducting engineering studies related to interconnection requests and transmission requests. This scoping document will also provide information to promote an understanding of relevant Open Access Transmission Tariff (“OATT”) requirements.

Finally, approximately a month after the Commission approved the Settlement, the State of Montana and the Bonneville Power Administration (“BPA”) partnered to host a series of conversations focused on “developing a sustainable long-term strategy to support developing

¹ PSE provided a draft of this scoping document to interested stakeholders on June 22, 2018 and requested comment by July 20, 2018. PSE received comments from Sierra Club, BPA, Avista, PacifiCorp, as well as joint comments from Renewable Northwest, the NW Energy Coalition and the Natural Resources Defense Council. This final draft reflects the comments received from these stakeholders, as appropriate.

new renewable energy resources in Montana.”² This resulted in the Montana Renewables Development Action Plan (“MRDAP”), which established working committees to address commercial/policy, planning, and operational issues related to Montana renewable resource development. The MRDAP process concluded on June 30, 2018, by issuing recommendations and action items concerning Montana renewable resource development.³ It is important to note that the MRDAP process had a broader scope than matters related solely to the Colstrip Transmission System after the closure of Colstrip Units 1 and 2. Attached as Attachment A to this scoping document is a complete copy of the MRDAP.⁴

II. Overview of the Colstrip Transmission System and Path 8

The Colstrip Transmission System was built in the early 1980s to move power between the mine-mouth Colstrip generating facilities in eastern Montana, and BPA and NorthWestern Energy transmission systems in western Montana. The Colstrip Transmission System is a 500 kilovolt (kV) transmission system that transfers electricity generated from the Colstrip generation facility to markets within the state and west of Montana. The Colstrip Transmission System is comprised of twin 500 kV segments:

- (1) the Colstrip-Broadview segment, which is approximately 115 miles long; and
- (2) the Broadview-Townsend⁵ segment, which is approximately 133 miles long.

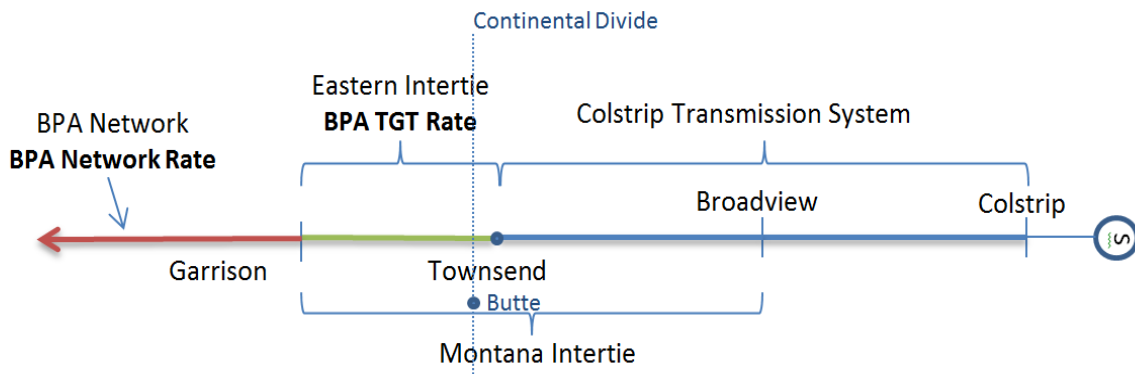
² BPA, *Montana Renewable Development Action Plan*, available at <https://www.bpa.gov/Projects/Initiatives/Montana-Renewable-Energy/Pages/Montana-Renewable-Energy.aspx>.

³ BPA and State of Montana, *Montana Renewables Development Action Plan* (June 2018), available at <https://www.bpa.gov/Projects/Initiatives/Montana-Renewable-Energy/Documents%20Montana/Montana-Renewables-Development-Action-Plan-June-2018.pdf>.

⁴ PSE does not endorse any specific conclusion from or action item within the MRDAP process.

⁵ Although there is no substation at Townsend, it marks the western end of the Colstrip Transmission System.

The Montana Intertie includes the Eastern Intertie plus the portion of the Colstrip Transmission System consisting of two single circuit 500 kV lines and associated substation facilities between Townsend and Broadview Substation (Broadview-Townsend section). The Eastern Intertie is BPA’s double circuit 500 kV line between Garrison Substation and Townsend.



Western Electricity Coordinating Council (“WECC”) Path 8 (Montana to Northwest) is the largest of the Montana export paths and consists of the lines running between western Montana and northwest US. It is the only major WECC Path available to export resources out of Montana. The lines are the metered tie lines between Northwestern Energy and BPA, plus the tie lines between NorthWestern Energy and Avista Corporation.⁶ WECC Path 8 is operated by NorthWestern Energy, BPA, and Avista. PSE is not an operator of Path 8 and cannot speak to future plans with respect to Path 8.

⁶ See WECC Staff, *2013 WECC Path Reports* (Sept. 4, 2013) (“Montana to Northwest—Path 8”), available at https://www.wecc.biz/Reliability/TAS_PathReports_Combined_FINAL.pdf. According to WECC, WECC Paths are defined in nearly every portion of the Western Interconnection and provide a comprehensive and effective medium for congestion and transmission expansion related discussions at the Interconnection-wide level. *Id.*

Figure 1: Path 8 Map and Characteristics



The WECC Project Coordination, Path Rating and Progress Report Processes document addresses the process for re-rating of paths such as WECC Path 8.⁷

III. Contractual & Policy Matters

A. Colstrip Transmission Agreement

The Colstrip Transmission System is jointly owned as tenants in common by NorthWestern Energy, PSE, Avista Corporation, Portland General Electric Company, and PacifiCorp (collectively, the “CTS Owners,” and, each, a “CTS Owner”). NorthWestern Energy is the designated operator of the Colstrip Transmission System. The rights and obligations of the CTS Owners regarding the Colstrip Transmission System are governed by the Colstrip Transmission Agreement.⁸

⁷ WECC, *Project Coordination, Path Rating and Progress Report Processes* (Oct. 15, 2015), available at https://www.wecc.biz/Reliability/Project_Coordination_Path_Rating_and_Progress_Report_Processes_20170316.pdf.

⁸ FERC accepted the current version of the Colstrip Transmission Agreement by letter order, dated December 6, 2013, in FERC Docket No. ER11-4636.

B. Montana Intertie Agreement

The Eastern Intertie (Townsend-Garrison section) is owned by BPA. The rights and obligations of the CTS Owners and BPA regarding the Eastern Intertie are governed by the Montana Intertie Agreement.⁹ The Montana Intertie Agreement is a legacy transmission agreement set to expire in 2027.¹⁰ All Colstrip Transmission System owners pay for their respective transmissions rights based on BPA's terms and conditions.¹¹ Two years prior to the termination date, the Montana Intertie Agreement provides that BPA is to offer each CTS Owner the opportunity to extend services under the Montana Intertie Agreement for twenty years on terms not less favorable to the CTS Owner than those that BPA is then offering for comparable services. Those future terms and conditions are currently unknown and will be proposed by the BPA. The Montana Intertie Agreement presents a few potential barriers to future usage of Montana transmission and the barriers apply to all CTS Owners (i.e., these potential barriers are neither unique nor solely applicable to PSE).

First, the Montana Intertie Agreement prohibits CTS Owners from using their respective transmission shares on BPA's Eastern Intertie to transmit power for other entities (i.e., third parties).¹² Non-CTS Owners must purchase transmission from BPA pursuant to the terms and conditions of the BPA OATT.¹³ In addition, power transmitted east to west on the Eastern

⁹ FERC accepted the current version of the Montana Intertie Agreement by letter order, dated September 23, 2011, in FERC Docket No. ER11-4195. The Montana Intertie Agreement also addresses certain matters with respect to the Colstrip Transmission system, such as a "Capacity Exchange," under which BPA received transmission capacity on the Broadview-Townsend segment of the Colstrip Transmission System, but which has been terminated.

¹⁰ Montana Intertie Agreement at section 2.

¹¹ *Id.*

¹² *Id.* at section 5.

¹³ BPA, *Open Access Transmission Tariff*, available at https://www.bpa.gov/transmission/Doing%20Business/Tariff/Documents/bpa_oatt.pdf (the "BPA OATT").

Intertie cannot have a point of delivery at Garrison (except as provided in another agreement) and must be transmitted on BPA's main grid after arrival at Garrison.¹⁴ Due to this limitation, transmission must be purchased on BPA's main grid (i.e., Network) in order to transmit power that is generated east of Garrison to a point of delivery west of Garrison.

Any modifications or amendments to the Montana Intertie Agreement would require agreement of all Montana Intertie Agreement parties to such modification or amendments, i.e. no one party can commit to an amendment on behalf of the other owners. Meetings have taken place among the parties to the Montana Intertie Agreement to discuss the possibility of amendments to the Montana Intertie Agreement and PSE anticipates that these meetings will continue. From PSE's perspective, any modifications to the Montana Intertie Agreement will be subject to prudence review during a general rate case at the Commission.

B. Washington Renewable Portfolio Standard

To be an "eligible renewable resource" under RCW 19.285.030(12), the generating facility must be a renewable resource other than freshwater and must be located in the Pacific Northwest or the electricity from that generating facility must be delivered into Washington on a real-time basis without shaping, storage or integration services.¹⁵ The Colstrip Transmission System as well as generation resources proposing to interconnect to the Colstrip Transmission System are located east of the Continental Divide, as shown in the diagram on page 5, and are not in the "Pacific Northwest" for purposes of the Washington RPS. The Continental Divide runs through Butte, Montana. This barrier could be resolved by an amendment to the Washington

¹⁴ *Id.*

¹⁵ This, in effect, requires that eligible renewable resources outside of the Pacific Northwest to be "dynamically transferred" into the state of Washington. For additional discussion on dynamic transfers, please see pages 10 and 11 of this scoping document (discussing Dynamic Transfer Capacity).

RPS by Washington state legislators or voters. The timeline for action, or if action will be taken, concerning the Washington RPS is beyond the control of PSE and not able to be determined with any certainty at this point in time.

C. Redirecting Transmission

“Redirecting” transmission generally means moving a primary point of receipt or point of delivery on a transmission provider’s system. Typically, the owner of transmission rights can make a request to the transmission provider to redirect transmission and the transmission provider must grant approval in accordance with its OATT and/or stated business practices.

1. BPA Redirects

BPA, as a transmission provider, allows redirects. BPA has defined a redirect request as a Transmission Service Request pursuant to section 22.2 of the BPA OATT that does not exceed the amount reserved in the existing Service Agreement.¹⁶ Section 22.2 governs changes in [transmission] service specifications, and more specifically, modifications on a firm basis.¹⁷ In addition, the BPA Transmission Business Practice on Redirects sets forth the procedures, conditions and applicable redirect rates that will be applied to a request by a Transmission Customer to modify Receipt and/or Delivery Points on firm basis.¹⁸

PSE’s merchant function (“PSEM”) is periodically evaluating multiple options for the reuse of its 300 MW of contracted BPA transmission west of Garrison on BPA’s main grid network following the shutdown of Colstrip Units 1 and 2. PSE could consider retaining the BPA

¹⁶ BPA, *BPA Transmission Business Practices Acronyms and Glossary* (Version 1) (Aug. 7, 2017), available at <https://www.bpa.gov/transmission/Doing%20Business/bp/tbp/Glossary-BPA-Transmission-BPs-V02.pdf>.

¹⁷ BPA OATT, section 22.2, available at https://www.bpa.gov/transmission/Doing%20Business/Tariff/Documents/bpa_oatt.pdf.

¹⁸ BPA, *BPA Redirects Transmission Business Practice* (Version 23) (March 14, 2018), available at <https://www.bpa.gov/transmission/Doing%20Business/bp/tbp/Redirects-BP-V23.pdf>.

transmission for a renewable resource from Montana if it was a lowest reasonable cost resource in a future Request for Proposal and if any issues restricting re-use of the Eastern Intertie could be resolved, as discussed above in Section III. PSE could also explore other options or uses to redirect that transmission elsewhere on BPA's system if that is in the best interests of PSE's customers. Examples of other potential uses include redirecting the transmission to Mid-C to serve as winter peak load capacity, future renewable resources, for existing resource needs, or for other short-term market uses such as in the California ISO Energy Imbalance Market ("EIM"). These potential redirects may be permanent, long-term, or short-term depending on the highest and best use of the transmission resource.

2. PSE Redirects

PSEI as a transmission provider allows redirects and follows its OATT¹⁹ and North American Energy Standards Board ("NAESB") standards.²⁰ Redirects on the PSE transmission system are not as common as redirects on other transmissions systems, such as the BPA transmission system.

III. Technical Questions

A. Technical Studies

Various studies performed to date have identified known technical questions relative to the impact of the closure of Colstrip Units 1 and 2 on Montana transmission. These studies include the following:

¹⁹ PSE, *Open Access Transmission Tariff*, available at http://www.oatiaoasis.com/PSEI/PSEIdocs/PSE_Current_Effective_OATT_3.30.17.pdf (the "PSE OATT").

²⁰ See PSE OATT at section 22.2.

- a Report for the 2014-2015 Public Policy Consideration Scenario sponsored by the Northern Tier Transmission Group;²¹
- a Report for the 2016-2017 Public Policy Consideration Scenario sponsored by the Northern Tier Transmission Group;²²
- an EPA 111-D Consideration Retirements of Colstrip Units 1 and 2 study sponsored by the Northern Tier Transmission Group;²³
- an EPA 111-D Consideration Retirement of All Coal-Fired Generation in Montana study sponsored by the Northern Tier Transmission Group;²⁴ and
- an Economic Planning Study Impacts from Coal Shutdown study sponsored by ColumbiaGrid.²⁵

Additionally, NorthWestern Energy is currently performing an operational study addressing the potential impact on the Colstrip Transmission System of Colstrip Units 1 and 2 shutting down. Completion of this operational study is dependent on NorthWestern Energy's timeline. As a separate compliance item agreed to in the Settlement, PSE will separately file Northwestern Energy's operational study into these dockets (UE-170033 and UG-170034) after it has been finalized.

B. Dynamic Transfer Capability

Dynamic Transfer Capability (DTC) has been defined by BPA as the capability of the transmission system to accommodate continuous ramping of a resource(s) over a pre-determined

²¹ Available at https://www.nttg.biz/site/index.php?option=com_docman&view=document&slug=appendix-e-nttg-report-for-the-2014-2015-public-policy-consideration-scenario-final-05-03-15&layout=default&alias=2532-appendix-e-nttg-report-for-the-2014-2015-public-policy-consideration-scenario-final-05-03-15&category_slug=appendices&Itemid=31.

²² Available at https://nttg.biz/site/index.php?option=com_docman&view=list&slug=public-policy-considerations-report&Itemid=31.

²³ Available at http://www.oasis.oati.com/NWMT/NWMTdocs/06-EPA_111D-Colstrip_1-2_Retirement_Study-5-8-15_Final.pdf.

²⁴ Available at <http://www.northwesternenergy.com/docs/default-source/cpp/epa-cpp-transmission-impact-11-17-15-final-pdf>.

²⁵ Available at <https://www.columbiagrid.org/download.cfm?DVID=3998>.

range, such that the control of the electrical output of such resource(s) can be varied from moment to moment by an entity other than the host utility/host Balancing Authority Area operator.²⁶ Dynamic Transfer Capability is used when generating resource output is variable intra-hour (e.g., output from wind or solar which is weather-dependent). BPA's current Dynamic Transfer Capability business practice governs requests for access to Dynamic Transfer Capability on BPA's network.²⁷

It is important to note that even if Dynamic Transfer Capability on the Montana Intertie were increased, Dynamic Transfer Capability limits west of Montana (e.g., on the BPA network or the networks of other Pacific Northwest Balancing Authority Areas) may exist and present additional barriers. Further studies will likely need to be performed to identify the availability of and, potential increases to, Dynamic Transfer Capability. It should further be noted that the Washington RPS requires eligible renewable resources outside of the Pacific Northwest (such as locations east of the Continental Divide, such as Colstrip, Montana) to be dynamically transferred into the state of Washington as well.

C. Total Transfer Capability

Total Transfer Capability (TTC) is the amount of electric power that can be moved or transferred reliably from one area to another area of the interconnected transmission systems by way of transmission lines (or paths) between those areas under specified system conditions.²⁸

²⁶ BPA, *BPA Transmission Business Practices Acronyms and Glossary* (Version 1) (Aug. 7, 2017), available at <https://www.bpa.gov/transmission/Doing%20Business/bp/tbp/Glossary-BPA-Transmission-BPs-V02.pdf>.

²⁷ BPA, *Dynamic Transfer Capability: Requesting and Awarding Access – Pilot* (Version 8) (Dec. 12, 2017), available at <https://www.bpa.gov/transmission/Doing%20Business/bp/tbp/DTC-Requesting-BP-V08.pdf>.

²⁸ PSE OATT, Attach. C, at section 6.1.

D. Available Transfer Capability

Available Transfer Capability (ATC) is the measure of the transfer capability remaining in the physical transmission network for further commercial activity over and above already committed uses. Transmission Providers subject to FERC jurisdiction are required to calculate the amount of transfer capability on their system available for sale to third parties (e.g., Available Transfer Capability) and to describe their methodology for calculating Available Transfer Capability in their tariffs. PSE's methodology for determination of Available Transfer Capability can be found in Attachment C to the PSE OATT.²⁹

Opportunities exist for potential incremental additions to Available Transfer Capability through Remedial Action Schemes and upgrades to the transmission system.³⁰ FERC-jurisdictional transmission providers must follow their OATTs, however, which govern the process for transmission system upgrades and cost allocation for such upgrades. More detail on OATT requirements is provided in the following section.

IV. Relevant Open Access Transmission Tariff ("OATT") Requirements

FERC jurisdictional transmission providers (such as PSE) must comply with their respective FERC-approved electric tariffs, which govern the procedure, timeline, and cost-allocation of conducting engineering studies related to interconnection requests and transmission requests. The PSE FERC-approved OATT can be found on the PSEI Open Access Same Time

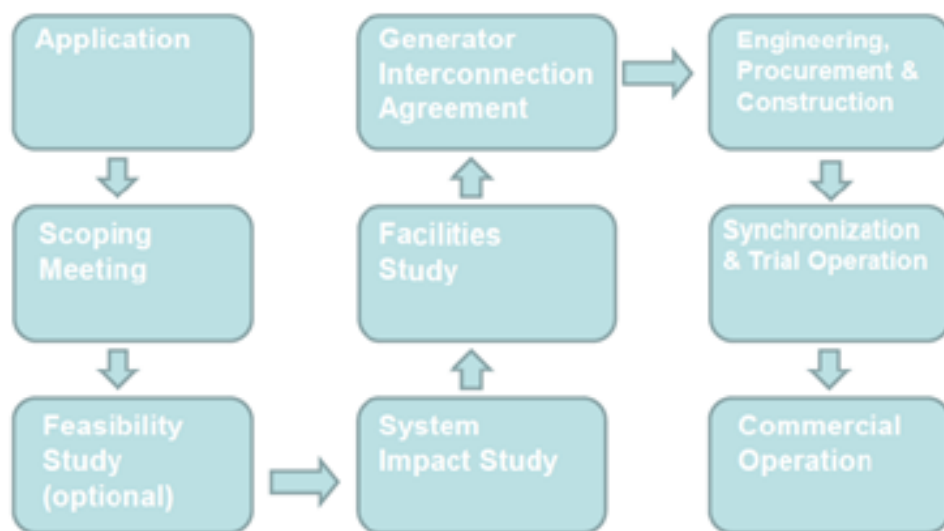
²⁹ See PSE OATT, Attach. C.

³⁰ Avista has noted that, as of the date of this scoping document, long-term firm Available Transfer Capability currently exists on the transmission systems of NorthWestern Energy and Avista, respectively, to transmit power from the State of Montana across Path 8 to load centers to the west of Montana. Although this scoping document addresses the Colstrip Transmission System and its use, it is informative to note that other transmission alternatives exist to accommodate the integration and transfer of new resources in the State of Montana.

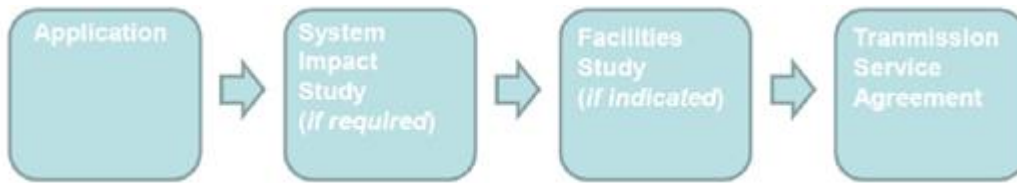
Information System (“OASIS”), which is available by accessing <http://www.oasis.oati.com/psei/index.html>.

Relevant to this scoping document, a transmission provider’s OATT governs: (1) generator interconnection service, (2) transmission service, and (3) transmission planning and cost allocation. It is important to note that Northwestern Energy is the operator of the Colstrip Transmission System. Therefore, Northwestern Energy is the lead in conducting, for example, Feasibility Studies, System Impact Studies and Facilities Studies related to the Colstrip Transmission System. Copies of the Northwestern Energy’s OATT are available on its OASIS site at <http://www.oatioasis.com/NWMT/>. The OATTs of all the CTS Owners are very similar.

The diagram below provides a high-level overview of the generator interconnection process. Under PSEI’s OATT, Annex A and Annex B set forth the Standard Large Generator (generating facilities that exceed 20 MW) and Small Generator (generating facilities that are 20 MW or below) Interconnection Procedures and Agreements. Studies such as the Feasibility Study, System Impact Study, and Facilities Study are performed in response to a specific interconnection request on PSE’s transmission system.



In addition to interconnecting to a transmission system, a generator must also secure transmission service. The diagram below provides a high-level overview of process to request and grant transmission service. Part II of the PSEI OATT covers Point-to-Point (PTP) Transmission Service (both firm and non-firm). Part III of the PSEI OATT covers Network Integration Transmission Service (NITS). Studies such as the Feasibility Study, System Impact Study, and Facilities Study are performed in response to a specific transmission service request.



A transmission provider must engage in long-term transmission planning analyses pursuant to its OATT. Attachment K of the PSEI OATT sets forth the transmission planning process followed by PSEI, including public processes.

Transmission customers seeking transmission on the Colstrip Transmission System may use the Colstrip Portal which is a single OASIS point of access. Additional information on the Colstrip Portal can be found on the PSEI OASIS in the Business Practices, Waivers, and Exemptions folder, which is available at: <http://www.oasis.oati.com/psei/index.html>.

Available Transfer Capability on the Colstrip Transmission System is posted on the Colstrip Portal. The Colstrip Portal enables Transmission Customers to submit Transmission Service Requests to multiple CTS Owners (i.e., Avista, NorthWestern Energy, PacifiCorp West, Portland General Electric, and PSE) simultaneously. In the event one CTS Owner does not have sufficient Available Transfer Capability to completely fulfill a Transmission Service Request, the Transmission Customer must submit Transmission Service Request to all the CTS Owners. This is done to insure all Available Transfer Capability is exhausted. Accordingly, all CTS Owners will participate in necessary upgrades to fulfill a Transmission Service Request. Each affected CTS Owner is responsible for processing Transmission Service Requests as provided in its OATT (e.g., accepting deposits, initially communicating with the Transmission Customer, acknowledging completed applications, etc.), and as mentioned previously, NorthWestern Energy conducts the necessary studies on behalf of all the CTS Owners. Unlike the generation interconnection queue, the transmission queue—which reflects requests for transmission service and Available Transfer Capability on the Colstrip Transmission System—is public information.

Additional transmission service and generation interconnection procedures for the Colstrip Transmission System are set forth in a Colstrip Transmission System – Transmission Service and Interconnection Processes and Procedures document, which can be found on the PSEI OASIS in the Business Practices, Waivers, and Exemptions folder, which is available at: <http://www.oasis.oati.com/psei/index.html>.

Requests for interconnection service on the Colstrip Transmission System are made publicly available by each affected CTS Owner, although the identity of the Interconnection Customer is confidential. As of June 2018, CTS Owners have received 1500 MW of interconnection requests on the Colstrip Transmission System.

V. PSE Rates on the Colstrip Transmission System

PSE has a FERC-approved transmission formula rate,³¹ which is set forth in greater detail in Attachments H, H-1, and H-2 to the PSE OATT. The formula rate was approved by FERC in 2013. Within the PSE OATT, there is a process and timelines, defined process terms, and requirements concerning customer intervention and an annual meeting, as well as a formula structure with defined inputs, instructions, and a return on equity. The PSE transmission formula rate is updated annually based on a historic test year with a true-up mechanism the following year that reconciles actual costs and revenues.

The annual transmission formula rate update processes have taken place each year since FERC's approval in 2013. The process begins each year on June 1 and ends at the end of November, and allows for customers to submit data requests relative to the formula inputs and to challenge formula inputs. PSE hosts customer meetings each year to discuss the formula rate update and publicly posts annual transmission formula rate information on PSE's OASIS.

PSE formula rates are filed annually with FERC and are effective June 1 of each year. Under PSE's proposed formula rates, the rates for NITS and PTP Service will be adjusted annually using PSE's annual transmission revenue requirement for the Washington Area facilities, Colstrip lines, and Southern Intertie, based on actual cost inputs from PSE's most recently filed FERC Form No. 1, as well as projected transmission plant additions.

PSE transmission rates are segmented by geographical location, which includes a separate rate for service on PSE's ownership interest in the Colstrip Transmission System. Only Colstrip Transmission System assets are included in the Colstrip Transmission System rate base. With the exception of FERC expenses, which are allocated, the Colstrip Transmission rate

³¹ PSE's formula rate filing is under FERC Docket No. ER12-778.

formula inputs for cost of service (e.g., depreciation, operating and maintenance costs, property taxes) are directly assigned to the Colstrip revenue requirement. To date, PSE Merchant has been the only customer on that segment. PSE's most recent formula rate update included an error in accounting for how property taxes flowed through the True-Up mechanism on the Colstrip segmented rate. Since no third party had purchased transmission service over the Colstrip segment since the formula rate was created, PSE made a FERC filing (Docket No. ER18-1695) requesting a limited waiver of the 2017 calendar year True-Up. It is unclear when FERC will take action on the waiver filing, but granting of the waiver would correct the one-time error thereby ensuring fair, just and reasonable rates for transmission customers.

VI. Conclusion

PSE appreciates stakeholder feedback received in drafting this scoping document and submits that the above information meets the terms of the settlement stipulation, including:

- (i) identifying known policy or contractual barriers and the technical questions surrounding the use of the Colstrip Transmission System following closure of Colstrip Units 1 and 2,
- (ii) identifying methods, forums, and possible timelines for addressing barriers and technical questions, and
- (iii) providing information regarding, and promote an understanding of, the applicable processes and procedures, studies, and timelines for addressing these questions.