



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

621 Woodland Square Loop S.E. • Lacey, Washington 98503

P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY (360) 586-8203

July 8, 2019

Mr. John Piliaris
Director of State Regulatory Affairs
Puget Sound Energy
10608 Northeast 4th Street
Bellevue, Washington 98009-9734

**Re: Puget Sound Energy
2017 Electric Integrated Resource Plan
Docket UE-160918 and Docket UE-180607**

Dear Mr. Piliaris:

In the Attachment to its 2017 Puget Sound Energy IRP Acknowledgment Letter, the Commission posed questions regarding the Colstrip power plant to be addressed in Puget Sound Energy's (PSE or Company) 2019 IRP. PSE now faces a short time schedule to complete its 2019 IRP, after pausing its work to await resolution of the Washington state legislature's consideration of energy legislation. In light of the subsequent passage of Engrossed Second Substitute Senate Bill 5116 (E2SSSB 5116) and other energy related legislation, and the limited timeline for completing the 2019 IRP, we provide direction below on which of our questions should be prioritized in the 2019 IRP.

The direction from the Commission to prioritize certain questions does not relieve the Company from addressing the questions in future IRPs, as directed by the Commission or as otherwise required under WAC 480-100-285. We also caution that the direction provided does not relieve the Company of its duty to seek all information that is reasonably available as it makes ongoing decisions about its operations and resources.

In the 2019 IRP, the Commission expects PSE to answer the following questions pertaining to the Colstrip facilities¹:

1. Regarding fuel source cost and risk:
 - a. What is the cost and physical supply risk of coal from the Rosebud mine due to the Westmoreland bankruptcy?
 - b. As the need for fuel for Colstrip declines, how does the increased cost per unit of coal effect the economic dispatch of Colstrip? This should be explicitly modeled in PSE's IRP portfolio dispatch model.
 - c. How does fuel supply risk for Colstrip compare to that of natural gas?
 - d. How are the economics of Colstrip Units 3 & 4 affected if natural gas prices continue to remain relatively flat?
2. Has PSE quantified capacity replacement costs for Colstrip Units 3 & 4 that it could use as a basis of seeking replacement capacity as an alternative to any large capital investments it faces at Colstrip? This question should be answered in the context of the provisions of E2SSB 5116.

If PSE has any questions or needs clarification regarding these issues, please contact Kathi Scanlan, kathi.scanlan@utc.wa.gov or Brad Cebulko at brad.cebulko@utc.wa.gov.

Sincerely,



MARK L. JOHNSON
Executive Director and Secretary

¹ The questions are sourced and some slightly modified from page 7 of the Attachment to the 2017 Puget Sound Energy IRP Acknowledgment Letter, issued May 7, 2018.