

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

**Dockets UE-190529 & UG-190530
Puget Sound Energy
2019 General Rate Case**

BENCH REQUEST NO. 014:

- A. Confirm that Colstrip Units 1 and 2 depreciation is included in the current general rate case test year. If not, please provide the adjustment and cell location in exhibits that removes Colstrip Units 1 and 2 from the test year.
- B. Please provide the undepreciated plant balances for each Colstrip unit separately as of September 30, 2017, and as of December 31, 2019.
 - a. Please identify the amount transferred to a regulatory asset account for Colstrip Units 1 and 2, if that transaction has occurred.
- C. Identify the account and balance of monetized PTCs as of December 31, 2019, and indicate if that balance contains the \$5 million reserved for the Colstrip Community Fund.
- D. Provide the estimated amount of PTCs as of December 31, 2019, that have yet to be monetized.
- E. Identify the account and balance of Treasury Grants available to offset decommissioning and remediation costs associated with Colstrip Units 1 and 2.
- F. Provide the most recent estimates for PSE's share of decommissioning and remediation costs for each Colstrip unit stated separately.
- G. Please provide the amount of decommissioning and remediation costs currently embedded in rates for each Colstrip unit separately on an annualized basis, if any.
- H. Please provide the account and total balance of decommissioning and remediation costs recovered through rates for each Colstrip unit separately as of December 31, 2019.

Response:

- A. Depreciation for Colstrip Units 1 & 2 is included in Puget Sound Energy's ("PSE") Actual Results of Operations in the current general rate case, but PSE removed these amounts as a restating adjustment within Exh. SEF-21E, tab "SEF-21E P1-11," cell BB18 for \$18,794,238 as part of adjustment 21.07 ER.
- B. Refer to the below table for Colstrip Units 1 & 2 unrecovered plant balances as of September 30, 2017 and December 31, 2019, by unit. The balance noted below for Colstrip Units 1 & 2 as of December 31, 2019, was transferred to a regulatory asset as of December 31, 2019.

The undepreciated plant balances for each Colstrip unit separately as of December 31, 2019, are as follows:

Unit	Balance
Colstrip 1	59,507,644
Colstrip 2	66,035,811
Colstrip 3	100,240,151
Colstrip 4	94,444,320

The undepreciated plant balances for each Colstrip unit separately as of September 30, 2017, are as follows:

Unit	Balance
Colstrip 1	75,532,747
Colstrip 2	82,256,859
Colstrip 3	109,975,225
Colstrip 4	101,910,992

C. The definition of monetized used in this response is as defined in the Prefiled Rebuttal Testimonies of Matthew R. Marcellia, Exh. MRM-11T, and Susan E. Free, Exh. SEF-17T. Please see the following accounts and balances for PSE's monetized production tax credits ("PTCs") as of December 31, 2019:

Account	Description	Amount
10800651	2017 Tax Return Monetized PTCs	4,287,263
10800651	2018 Tax Return Monetized PTCs	82,937,179

Note that the total monetized PTC balance offsets the following as stipulated in the Settlement Agreement in Dockets UE-170033 and UG-170034.

Description	Amount
Montana Community Transition Fund	5,000,000
Colstrip 1 & 2 Unrecovered Plant	82,224,442

D. The un-monetized PTC balance as of December 31, 2019, is approximately \$153 million.

E. As of December 31, 2019, the accounts and balances of the Treasury Grants available to offset decommissioning and remediation ("D&R") costs associated with Colstrip Units 1 & 2 are listed below. Note that remediation costs are tracked through a balance sheet order; therefore, PSE has not provided an account number.

Account	Description	Balance
10800611	108 TGrant RCW 80.84	95,934,500
10800641	Decommissioning	(7,615,365)
N/A	Remediation	<u>(7,102,348)</u>
	Available Treasury Grants	81,216,787

F. Summarized below are PSE’s share of the most recent estimates of D&R costs for each Colstrip unit. Refer to Exh. SEF-30, page 11, for further discussion of the sources and methodology for calculating these amounts. As Talen MT has filed multiple alternatives of remediation costs with the Montana Department of Environmental Quality (“DEQ”), a range of estimates is provided, as filed with the DEQ. Also, as estimates are provided in 2019 dollars, PSE has provided these figures in addition to inflation adjusted estimates.

Unit	Alternative 1 (Low)		Alternative 5 (High)	
	Current Dollars ¹	Inflation Adj. @2.5%	Current Dollars ¹	Inflation Adj. @2.5%
Colstrip 1	14,485,246	18,600,457	26,997,996	34,436,869
Colstrip 2	14,485,246	18,600,457	26,997,996	34,436,869
Colstrip 3	15,047,148	22,274,867	62,941,523	93,296,217
Colstrip 4	15,047,148	22,274,867	62,941,523	93,296,217

On February 10, 2020, the DEQ conditionally approved *Alternative 4 of the Units 3&4 EHP Revised Remedy Evaluation Report, August 2019*. However, the DEQ report included two different amounts and in order to understand which amounts are relevant for purposes of establishing an estimate of remediation costs relevant to PSE, a better understanding of what each amount represents needs to be obtained. Talen MT, as operator of the units and submitter of the reports, is working with the DEQ in order to get the additional information needed, and it is unclear at this time when the information will be available. Once the approval details are received, PSE can complete its analysis and provide the amount relating to PSE. If the Commission requests, PSE will update its response to this Bench Request to reflect PSE’s share of the most current estimate of D&R costs for Units 3 & 4.

G. Please see below for the amount of D&R costs currently embedded in rates for each Colstrip unit annually. Please note it was determined within Docket UE-170033 that D&R for Units 1 & 2 would be recovered through mechanisms other than depreciation rates (Treasury Grants and PTCs); therefore, no amounts are reflected below.

¹ Costs are in 2019 Dollars.

Unit	D&R
Colstrip 1	-
Colstrip 2	-
Colstrip 3	1,039,120
Colstrip 4	1,031,398

H. As of December 31, 2019, the balances of the D&R costs recovered through depreciation rates for Colstrip Units 1 through 4 are listed below. Note that these balances are recorded in numerous FERC accounts, based on the underlying Colstrip asset, and have been summarized by unit below. Although amounts were previously recovered for D&R for Units 1 & 2 as part of Docket UE-170033, these amounts were no longer tracked separately as D&R costs as these costs will be funded by Treasury Grants. Additionally, amounts in the Units 3 & 4 balances below are based on expensed amounts which do not agree on a one-for-one basis to what is collected through rates. As D&R amounts have increased over time, expensed amounts will have been greater than what has been collected through rates.

Unit	D&R
Colstrip 1	-
Colstrip 2	-
Colstrip 3	7,080,179
Colstrip 4	6,994,678