2024
COLSTRIP TRACKER REPORT

ON DECOMMISSIONING AND REMEDIATION

PUGET SOUND ENERGY
DOCKETS UE-220066 AND UG-220067
(CONSOLIDATED)

OCTOBER 1, 2023

BACKGROUND

Pursuant to paragraph, 275 of Order 24 in Dockets UE-220066 and UG-220067 (consolidated) (Puget Sound Energy's 2022 GRC) and paragraph 429 of Order 08 in Dockets UE-190529 and UG-190530 (consolidated), Puget Sound Energy ("PSE") submits this report as a part of this Colstrip Tracker Filing. The intent of this report is to provide an update to the Commission on Colstrip's status, provide the most recent estimates for retirement dates, and the amount of decommissioning and remediation ("D&R") expenditures for the Colstrip units along with an update to the estimated future D&R costs. The report also provides a detail of the sufficiency of the retirement account established pursuant to RCW 80.84.020 to cover the estimated D&R costs of Units 1&2. Additionally, the report provides information related to the rate base and operating costs included in the Colstrip Tracker. In those years where an IRP is filed, the report will also include information regarding replacement power costs.

DEFINITIONS

In an effort to provide clarity and mutual understanding, PSE will refer back to definitions used in previous proceedings to set a level of understanding as to how the terms D&R are used.

Decommissioning – In the 2017 PSE general rate case, PSE shared its interpretation of "decommissioning" generally as the estimate of costs to suspend operations, and remove some or all of the above grade structures associated with Colstrip Units 1&2, followed by reasonable restoration in these areas.

Remediation – In the written comments filed by PSE under Docket UE-151500, PSE defines remediation as, "additional requirements (state or federal) associated with soil or groundwater. These requirements may be a function of (i) environmental laws or regulations not yet promulgated, (ii) amendments to existing laws or regulations that require greater stringency for certain constituents associated with the operation of Colstrip Units 1&2, (iii) accidental leaks or spills that have not yet been identified, (iv) litigation, and/or (v) state or federal negotiated or mandated requirements."

PSE continues to use the above definitions in providing information for this report and considers these same definitions to apply to Colstrip Units 3&4. Essentially, decommissioning is related to the above grade structures of Colstrip. Remediation relates to addressing the legal requirements of the environmental impact related to Colstrip operation.

Decommissioning –

There are currently no laws or regulations related to the shut down or removal of the physical structures of Colstrip. However, in practical terms the retirement of a coal generating unit needs to address the physical safety of the structures and protect human health and the environment.

In this report, PSE will discuss its updated estimates for decommissioning below in question three.

Remediation –

An Overview of How the Remediation Process Generally Works

Remediation projects, whether they are managed within the Federal Superfund program or a State led program, follow a set process that was originally developed as part of the Federal Superfund program. The core of the program and process are the Remedial Investigation ("Investigation"), Feasibility Study ("Study") and Engineering & Remedial Design ("Design") phases. During the Investigation phase, the nature and extent of contamination is determined through the performance of soil and groundwater investigations. The information obtained through those investigations is used to identify cleanup criteria based on the chemicals of concern, the areas and medium affected by those chemicals, the concentrations of the chemicals and any existing or potential receptors that could be impacted by the chemicals. The Study phase builds upon the information developed as part of the Investigation phase and identifies technologies that are capable of addressing the contamination as well as the potential costs with the ultimate goal of identifying a Preferred Alternative that is agreed upon by the regulatory agency. At this point, the level of design is typically 5 to 10% which results in the cost estimates being high level and subject to change. Upon the completion of the Investigation and Study phases, the agency will typically direct the performing party to proceed with the next step which is the Engineering & Remedial Design. During this stage, the primary focus is the engineering and design of the Preferred Alternative as well as identification and completion of potential additional investigation needed in support of the design stage. Final design, permitting and contracting eventually provide greater clarity as to what the final cost will be.

The Process of Remediation as it Relates to Colstrip

Three regulations drive remediation work at Colstrip, the Federal Environmental Protection Agency's ("EPA") Coal Combustion Residuals Rule ("CCR"), the Montana Administrative Order on Consent ("AOC"), and the Montana Coal-Fired Generating Unit Remediation Act.

CCR (Federal)

The CCR rule was published by the EPA on April 17, 2015 and became effective October 19, 2015. In 2016 the U.S. Senate passed legislation amending the Rule. The Rule's intent is to regulate coal combustion residuals under the Resource Conservation and Recovery Act, Subtitle D. The CCR rule addresses the risks from coal ash disposal and sets out recordkeeping and reporting requirements. In January 2022, EPA released revised interpretations of the CCR Part A Final Rule addressing requests for timeline extensions by a number of facilities. The Rule grants facilities the option to submit a demonstration to EPA to obtain an extension of the deadline for unlined CCR surface impoundments. These interpretations raised concerns for many facilities throughout the country in regards to the aquifer location standard and are being challenged in the courts. For this reason, Talen Montana ("Talen")[1] performed a review of the potential impact to the existing Colstrip Closure Plans. Following the review, on May 18, 2023 the Montana Department of Environmental Quality ("DEQ") requested a modified remedy be developed. The new remedy ("Closure by Removal") submitted to DEQ on July 17, 2023 is currently under review.

AOC (State)

The AOC addresses impacts to groundwater from Colstrip. Talen as operator of Colstrip and the DEQ entered into the AOC in 2012. It provides an extensive process for determining potential groundwater impacts and assessing previous work to address impacts, as well as, laying out standards for addressing contamination and evaluating options for the ultimate clean-up and closure of specified Colstrip facilities. The Order provides a process for investigation and for the development of reports and plans necessary for the remediation of contamination associated with the operation of the Colstrip plant. The Order requires that investigations are overseen by the DEQ and it is the DEQ that will ultimately review and approve all reports and plans. The AOC splits Colstrip environmental impact into the following three areas for working purposes:

1. the Plant Site (includes the area near the physical plant structures, some of which are common structures for Units 1-4),
2. Units 1&2, and
3. Units 3&4.

[1] The original operator of the Colstrip plant was Montana Power Company. In 1999, PPL purchased the Montana Power Company ownership portion of Colstrip and took over the operator role. In 2015, PPL restructured their assets and created Talen Energy which then assumed the operator role at Colstrip. Talen Energy has since had an ownership change but still remains operator at Colstrip in the form of Talen Montana ("Talen MT"). On May 9, 2022, Talen Energy Corporation, now Talen MT's parent corporation, filed for reorganization under Chapter 11 of the U.S. Bankruptcy Code in the U.S. Bankruptcy Court for the Southern District of Texas. Talen MT, as a subsidiary of the larger Talen Corporation, was included in the filing. The bankruptcy reorganization concluded in May 2023.

The vast majority of the costs for CCR are encompassed in the AOC. Therefore, the AOC reports are used as the basis for amounts disclosed in this annual report.

A synopsis of the process from the DEQ website (Colstrip Coal Ash Pond Cleanup | Montana DEQ (mt.gov)) is provided below.

- *Step 1: Talen must prepare "Site Characterization Reports" for each of the three areas that describe the existing conditions, including the extent of the contamination. The reports must also describe what has been done so far to address the contamination, and how effective those measures have been in remediating the contamination.*
- *Step 2: Talen will prepare Cleanup Criteria and Risk Assessment Reports. These reports will identify the standards that Talen will have to achieve in its remediation of the contamination.*
- *Step 3: Talen must prepare Remedy Evaluation Reports, which will evaluate different options for remediation of the contamination.*

DEQ has used the Remedy Evaluation Reports to select a remediation plan for Talen, who is required to submit final designs based on that plan. Talen is now tasked with implementing the selected remedy for each area.

While the Remedy Evaluation Report for the Plant Site area had previously received approval from DEQ, a review and revision was requested. A new Remedy Evaluation Report was provided to DEQ on July 17, 2023 and is currently under review. DEQ identified Alternative 10 as the Remedy Evaluation Report for Units 1&2.[2] The Units 3&4 Remedy Evaluation Report received approval from DEQ in June 2022.

The plan submission is as follows –

Report	Based On	DEQ Review Status
Plant Site Remedy Evaluation	Alternative 4B	Revised July 2023 and under review.
Units 1&2 Remedy Evaluation Integrated Report	Alternative 10	Approval October 2021
Units 3&4 Remedy Evaluation	Alternative 4	Approval June 2022

As previously discussed, the above reports are used as the basis for the amounts discussed in the detailed reporting sections below.

[2] Work that was allowed under a joint dispute process that allowed Talen to petition DEQ for review of an alternative to the approved Alternative 10 is no longer being pursued.

Montana Coal-Fired Generating Unit Remediation Act

The Montana Coal-Fired Generating Unit Remediation Act is codified in Montana Code Title 75, Chapter 8. The code requires an owner that is retiring a coal fired plant to file a remediation plan. The plan must demonstrate that it will attain a degree of cleanup of the coal-fired generating plant affected property consistent with, but not more stringent than applicable legal obligations, giving consideration to reasonably anticipated future uses of affected property. There are also labor related requirements that the plant owners must follow when undertaking remediation activities. In practice the law ensures that a retiring coal plant owner communicates their intentions of how to meet legal obligations such as the AOC and CCR to the State so DEQ can review and ensure compliance. No additional remediation costs have been realized with this law since it mainly ensures environmental remediation is done within current laws and regulations.

Colstrip Reporting Requirements

PSE provides the following responses to the specific questions outlined in PSE's 2022 GRC:

Exhibit SEF-18 page 43:

Actual vs. Cost Estimates:
As stated on lines 3 through 6 on page 43 of Exhibit SEF-18, PSE originally anticipated including actual plant balances as of September 30, 2023 with forecasted amounts as of December 31, 2023 to set 2024 rates. However, for simplicity and to avoid having to true-up plant costs and depreciation, PSE is only including actual plant balances as of June 30, 2023 in the revenue requirement calculations for Schedule 141COL.

Updated Unrecovered Cost Estimates for Decommissioning and Remediation:
As stated on lines 6 through 8 on page 43 of Exhibit SEF-18,unrecovered cost estimates for D&R are included in Tables 1 and 2 in Item 3 below which are further supported in Attachment A to this report. Also, please see the tab titled "Estimated D&R Recovery" in the revenue requirement work papers provided in support of the Schedule 141COL rate change request. As noted directly below, this amount will be trued-up for actual spend in next year's Schedule 141COL filing.

Differences in actual D&R paid and forecasted D&R:
As stated on lines 8 through 10 on page 43 of Exhibit SEF-18, any differences in actual D&R paid and forecasted D&R balances compared to what were utilized to set the initial 2023 rate will be trued-up as well in setting the 2024 rate. However, there were no amounts for forecasted D&R included in the current rates in effect for Schedule

141COL, as annual tracker recovery for D&R did not start until 2023.[3] Therefore, there is no need for a true-up associated with this item in this year's filing.

Prudency of Plant Costs Included in the Tracker:
As stated on lines 11 through 15 on page 43 of Exhibit SEF-18, when resetting rates annually, all costs incurred in the prior period would be subject to a prudency review. In the first annual filing to reset 2024 rates, all plant costs incurred from January 2022 through December 2023 would be subject to review. There was very little forecasted plant included in rates that are currently in effect. The amount in D11 in the below table represents the gross plant balance for Colstrip 3&4 included in this Schedule 141COL filing (see cell C7 in the tab titled "Revenue Requirement" in the revenue requirement work papers submitted with this filing). The amount in C11 represents the gross plant amount included in rates currently in effect from PSE's 2022 GRC compliance filing (see cell C23 in the tab titled "Revenue Requirement Summary" in the file titled "NEW-PSE-WP-SEF-6E-ColstripTracker-22GRC-01-2022.xlsx" in PSE's January 9, 2023 Compliance Filing in Docket UE-220066). The sum of the amounts in C8 and C10 below represent the estimated additions to plant for Colstrip 3&4 and total only $600,000. Actual amounts added for that time period are shown in D8 and D10 below and total $176,098 which is materially equivalent to the amount set in rates. Additionally, PSE retired boiler equipment for the plant totaling $12.1 million (amount in D9 below) that was not forecasted when setting current rates. Therefore, there is a net reduction to gross plant of $12.6 million (E11 below) versus what was assumed when setting rates.

	A	B	C	D	E	F
4						
5			(12/2022)	(06/2023)		
6		Description	2022 GRC	2024 Tracker	Change	Comments
7		6/2021 Actual Gross Plant	$ 543,208,902	$ 543,208,902	$ -	
8		Additions (Includes Dry Ash)	4,209,835	8,514,178	4,304,344	Dry Ash in CWIP in GRC
9		Retirements	-	(12,115,372)	(12,115,372)	Boiler retirement not forecast in GRC
10		Dry Ash Write Off	(3,572,436)	(8,338,080)	(4,765,644)	Dry Ash in CWIP in GRC
11		Final Balance	$ 543,846,301	$ 531,269,629	$ (12,576,672)	
12				98%		

Operating Expenses:
PSE included $28.7 million of operating expenses in current rates (see cells C4, C10 and C15 in the tab titled "Revenue Requirement Summary" in the file titled "NEW-PSE-WP-SEF-6E-ColstripTracker-22GRC-01-2022.xlsx" in PSE's January 9, 2023 Compliance Filing in Docket UE-220066). As stated on lines 15 through 16 on page 43 of Exhibit SEF-18, actual operating expenses for 2023 that will be the basis for the true-up for operating expenses will be provided. However, at the time this filing is being made, PSE has only incurred 8 months of operating expenses in 2023, PSE is

[3] See cell G36 in the tab titled "Unrecovered Costs" in the file titled "NEW-PSE-WP-SEF-6E-ColstripTracker-22GRC-01-2022.xlsx" in PSE's January 9, 2023 Compliance Filing in Docket UE-220066.

proposing that the initial true-up for operating expenses not occur in this year's filing, but instead occur in next year's Schedule 141COL filing once the full year of actual operating expenses are known. For the 2024 revenue requirement, forecasted operating expenses of $30.0M is included (see cells C46, C47, and C48 in the tab titled "Revenue Requirement" in the revenue requirement work papers submitted with this filing). This amount is $1.3M higher than what is currently in rates and includes amortization of previously incurred major maintenance as well ongoing operating costs budgeted for 2024.

Exhibit SEF-18 pages 44-45:

1. [T]he most recent estimate of the actual retirement date for Colstrip Units 1&2 and Colstrip Units 3 and/or 4.

PSE and Talen are 50 percent partners in Units 1&2, which ceased operating in January 2020. The units were retired on PSE's books in December 2019.

Under the Washington Clean Energy Transformation Act ("CETA"), Washington utilities will be required to eliminate coal-fired resources from their allocation of electricity by December 31, 2025[4]. Units 3&4 are jointly owned by six independent entities and the Units 3&4 Ownership & Operating ("O&O") Agreement is largely silent on the project's retirement process. Under ongoing operations each owner must provide their share of coal to run the units as long as one owner requests generation from the Units. Further, the term of the agreement runs as long as the project is capable of providing electricity. Finally, the only direct reference to the cessation of the project is when it is no longer capable of producing electricity; however, no criteria or process is set out to determine when that point occurs. Consequently, past interpretation of the agreement has been that all owners must unanimously agree to the final retirement dates of Units 3&4. In 2020 the Colstrip co-owners moved the question of unanimity versus majority vote for Colstrip Unit closure, to legal arbitration. The arbitration process remains underway. Accordingly, given these complex circumstances, Colstrip Units 3&4 do not have an identified retirement date at this time.

PSE has entered into a Mutual Agreement with Talen, which provides that at the end of 2025, PSE will exit ownership of Colstrip and no longer receive generation from Units 3&4. Under that Agreement, PSE would maintain a role in remediation-related decision-making and would be responsible for its share of remediation liabilities resulting from activities prior to January 1, 2026. The Agreement is still pending, as several stipulations must be met prior to December 31, 2025.

2. [I]n the event of an estimated retirement date earlier than July 1, 2022, for Colstrip Units 1&2, and upon the determination by PSE of an estimated retirement date for Colstrip Units 3 and/or 4, a discussion and evaluation of consequences to customers arising from those estimated retirement dates.

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[4] RCW 19.405.030(1)(a).

As noted above Colstrip Units 1&2 ceased operating in January 2020 and have been retired.

As a result of the 2017 GRC Settlement, PSE is able to utilize production tax credits ("PTCs") and hydro-related Treasury Grants to offset the unrecovered plant balances as well as D&R costs for Units 1&2. Both the plant balance and the treasury grant balances are included in current rates. Pursuant to the 2017 GRC Settlement, the unrecovered plant balance at retirement became a regulatory asset that is allowed rate base treatment – mirroring the treatment of the existing plant balance – which results in similar treatment whether the unrecovered plant balance is held in plant accounts or in regulatory asset accounts. Additionally, all monetized PTCs are included in rate base.[5] Therefore, since all forms of plant balance, regulatory asset and PTCs are provided rate base treatment or its equivalent, PSE does not consider there to be an impact to customers related to the plant balances for the earlier retirement date.

Regarding Colstrip Units 3&4, because PSE cannot unilaterally determine a retirement date for these units, it is premature to discuss and evaluate the consequences of the retirement of these units. PSE has received approval from the Commission to recover amounts in excess of Treasury Grants and PTCs for prudently incurred unrecovered plant pursuant to RCW 19.405.030(3) as well as D&R in Order 24 of PSE's 2022 GRC. Because the Mutual Agreement with Talen to remove PSE from Colstrip Units 3&4 ownership on December 31, 2025 is not complete, it is not clear how long PSE will maintain ownership while the plant is operational. Accordingly, it is not possible to determine the full impacts of unrecovered plant and D&R. However, an example based on specific assumptions of PSE operational exit on December 31, 2025 and current estimates was provided in Exhs. SEF-18 and SEF-19 in PSE's 2022 GRC.

3. [D]ecommissioning and remediation expenditures associated with Colstrip Units since the time of the last report and updated estimates of future costs.

Item (iii) in PSE's 2022 GRC, Testimony of Susan E. Free, Exhibit SEF-18 pages 44-45: specifies reporting of costs *since the last report*. However, paragraph 429 in Order No. 08 in Docket UE-190529 required PSE to include *all* D&R expenditures in the Annual Colstrip Reports. Therefore, amounts provided in this section represent all D&R costs from inception through the cutoff date of the report, which in this case is June 30, 2023.

As of June 30, 2023, there have been no significant additional expenditures within the last year and PSE has incurred $20.2 million of decommissioning costs for Colstrip Units 1&2, which were offset by the treasury grant funding allowed pursuant to Chapter 80.84 RCW. There was little change in the amount funded in 2023. The work done was to ensure the structures can be left safely until demolition, which will occur at a later date. The activities included costs associated with finalizing coal contract remediation as well as demolition of selected accessory structures that were no longer needed due

[5] PSE incorporated monetized PTCs as of June 30, 2020 into rate base as part of the Power Cost Only Rate Case which went into effect on July 1, 2021.

to the cessation of generation. Demolition costs were related to the cooling towers, clarifier tanks and some coal conveyors. Also the main transformers and other parts and tools unique to the facilities were removed from the site. Additionally, processes such as fluid drainage, electrical disconnection, universal and hazardous waste identification and removal were completed.

The main portions of Colstrip Units 1&2 remain intact until the retirement and disposition of Units 3&4. PSE and Talen may choose to do selected demolition on some out-buildings and equipment in the future but little, if any, demolition will occur until Units 3&4 cease operation. There is no estimate of this cost at this time.

Life to date remediation expenditures recorded for Units 1&2 are $27.0 million, which were offset by previously collected legal cost of removal and treasury grant funding allowed pursuant to Chapter 80.84 RCW.

Pursuant to paragraphs 768 and 769 in the Commission's Final Order 8 of Docket UE-190529 et al, all remediation expenditures for Colstrip 3&4 have been moved to a regulatory asset account. This account contains all life to date remediation costs and totals $27.8 million. It is anticipated that these costs will be recovered through the Colstrip Tracker.

To date there have been no decommissioning expenditures for Units 3&4.

The following addresses PSE's current estimates of future D&R costs for the Colstrip Units.

<u>Decommissioning –</u>

There will be continuing decommissioning costs to keep Units 1&2 in a safe, dark, cold and dry condition including monitoring of the structures for security and safety purposes. This includes, but is not limited to, maintenance and lighting of the stacks, periodic walk-throughs of the generator building to monitor for issues like pest control and safety hazards, and maintenance of storm water and runoff systems.

Given the fact there is no identified retirement date for Colstrip Units 3&4 there has been no estimate for decommissioning of the physical structures of that portion of the facility. An assumed amount of non-legal cost of removal totaling $40/KW is included in depreciation rates for Colstrip Units 3&4.

<u>Remediation –</u>

<u>Plant Site</u>
The current Plant Site Remedy Evaluation Report Alternative 4 was approved by the DEQ in 2018. An updated Remedy Evaluation Report (Alternative 4B) was provided to DEQ on July 17, 2023 and is currently under review and no official estimate of the costs of this alternative has yet been provided. Therefore, for purposes of this report, the

current Alternative 4 is used. Based on this plan the estimated cost of work to be completed in 2024 and forward for the Remedy Evaluation report for the Plant site is $82.7 million in 2023 dollars. PSE's estimated share of the remaining obligation is $30.2 million and of that $19.1 million is allocated to Units 1&2 and $11.1 million is related to Units 3&4. When adjusted for inflation, PSE's share of the estimated costs total $43.1 million, with $27.1 million and $16.0 million allocated to Units 1&2 and Units 3&4, respectively. Attachment A to this report provides the breakdown by year of these cost estimates.

Units 1&2

Per a Settlement Agreement reached in October 2021 by DEQ and Talen, Alternative 10 was chosen as the Remedy Evaluation; however, Talen MT was given the opportunity to present an alternative Remedy Evaluation for consideration by DEQ. However, after further research, technical reviews and cost estimates, Talen MT chose not to offer an alternative proposal to DEQ. The updated total estimated cost of work to be completed in 2024 and forward based on Alternative 10 is $105.9 million in 2023 dollars. When adjusted for inflation, PSE's share of the estimated costs total $124.3 million.

Units 3&4

The Units 3&4 Remedy Evaluation Report was approved by DEQ in June 2022. Alternative 4 was chosen by DEQ to meet the necessary clean up criteria. The updated total estimated cost of work to be completed in 2024 and forward is $25.1 million in 2023 dollars. When adjusted for inflation, PSE's share of the estimated costs total $33.6 million.

The following tables summarize PSE's estimated future remediation costs associated with Units 1&2 and Units 3&4 based on the approved DEQ alternatives. The inflation adjustment of 2.5% used in this report is based on the discount rate used in PSE's 2023 Electric Progress report.[6]

Table 1

Summary of Units 1&2 Decommissioning & Remediation Estimate PSE's Share

	Estimated Costs	
	Current Dollars *	Inflation Adj. @2.5%
Decommissioning[1]	$ -	$ -
Plant Site Remedy Eval[2]	19,069,070	27,111,357
1&2 Integrated Remedy Eval[3]	105,944,825	124,345,842
Total	$125,013,895	$151,457,199

* Plant Site costs are in 2023 Dollars, Unit 1&2 Remedy Eval. costs are in 2023 Dollars.

[1] Actual life to-date spend on Units 1&2 Decommissioning is reported above. There are no estimates of future decommissioning costs at this time

[2] Based on Plant Site Remedy Evaluation, Alternative 4, approved 6/1/2023

[3] Based on the Units 1&2 Integrated Remedy Evaluation, Alternative 10, approved 6/1/2023

[6] https://www.pse.com/en/IRP/Past-IRPs/2023-IRP

Table 2
Summary of Units 3&4 Decommissioning & Remediation Estimate PSE's Share

	Estimated Costs*	
	Current Dollars	Inflation Adj. @2.5%
Decommissioning[1]	$14,800,000	$15,549,250
Plant Site Remedy Eval[2]	11,150,078	15,988,025
3&4 Remedy Eval[3]	25,129,388	33,586,694
Total	$51,079,466	$65,123,969

* Decommissioning Costs are in 2019 Dollars. Remediation costs are in 2023 Dollars
[1] Based on an assumption of $40/MW as built into decommissioning costs in the Depreciation Study approved in PSE's general rate case in Docket UE-190529 and inflated to 2025.
[2] Based on Plant Site Remedy Evaluation, Alternative 4, approved 6/1/2023
[3] Based on Units 3&4 Remedy Evaluation, Alternative 4, approved 6/1/2023

4. [A]n evaluation of the sufficiency of the retirement account established pursuant to Chapter 80.84 RCW to fund and recover decommissioning and remediation activities for Colstrip Units 1&2.

As described in exhibit SEF-18, in PSE's 2022 GRC, and approved by the Commission, PSE will recover prudently incurred Colstrip 1&2 decommissioning and remediation costs in excess of Treasury Grants and PTCs through rates established in the Colstrip Tracker.[7] The tracker will continue to be updated annually until remediation efforts at the Colstrip facilities have been completed. Based on studies completed by Geosyntec and approved by the Montana Department of Environmental Quality ("MDEQ"), this is estimated to be 2071. See Exh. RJR-29 from PSE's 2022 GRC. $95.9 million of Treasury Grants funded the retirement account and are available to address Colstrip Units 1&2 D&R activities. At this time, estimated future D&R costs for Units 1&2 on a nominal basis are $125.0 million, based on the DEQ Settlement Agreement, which identifies Alternative 10 as the currently chosen Alternative. Of the estimates that can be adjusted for inflation, estimated future D&R costs for Units 1&2 on an inflation-adjusted basis are $151.5 million. These estimates are for future spend. PSE has already spent $47.2 million on decommissioning and remediation on Units 1&2. When combined with estimated future expenditures, if realized, would lead to the retirement account recovering all but approximately $76.7 million of decommissioning and remediation costs.

5. [A]n evaluation of the sufficiency of existing depreciation rates for Colstrip Units 3&4 to cover decommissioning and remediation costs for those units.

In addition, as described in exhibit SEF-18, in PSE's 2022 GRC, and approved by the Commission, PSE is no longer recovering Colstrip 3&4 decommissioning and

[7] Free, Exh. SEF-18 at 2:4-3:3.

remediation costs through depreciation rates. As discussed above, Colstrip 3&4 D&R costs, like Colstrip 1&2 D&R costs, will be recovered through the Colstrip Tracker.

6. [F]or years in which PSE issues an Integrated Resource Plan, updated replacement power costs.

PSE has filed a 2023 Electric Progress Report to its 2021 Electric IRP, which is located here: https://www.pse.com/en/IRP/Past-IRPs/2023-IRP

7. [A]ctual D&R expenses.

Item 3 above contains information on actual D&R expenses.