

**EXH. RJR-15
DOCKETS UE-22___/UG-22___
2022 PSE GENERAL RATE CASE
WITNESS: RONALD J. ROBERTS**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

PUGET SOUND ENERGY,

Respondent.

**Docket UE-22___
Docket UG-22___**

**FOURTEENTH EXHIBIT (NONCONFIDENTIAL) TO THE
PREFILED DIRECT TESTIMONY OF**

RONALD J. ROBERTS

ON BEHALF OF PUGET SOUND ENERGY

JANUARY 31, 2022



June 16, 2021

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RE: 2022 Budgeting

Gentlemen:

Even though the budgeting process for 2022 has not officially started, it appears likely the process for approving the 2022 Budget may prove as challenging as was 2021's, given the ongoing requests that the Operator make large cuts in the 2022 Base O&M Budget compared to the 2021 Base O&M Budget. NorthWestern understands the desire of each of your companies to effect such cuts and will support those cuts that are responsible and do not negatively affect the immediate or longer term operational reliability of the facilities – maintain prudent utility practice. NorthWestern will not however support cuts that increase risks, whether the risks are to safe operation, reliability or environmental compliance.

From my perspective a substantial challenge in the 2021 Budgeting process was a lack of detail concerning the specific components of the budget to which your companies sought cuts and potential effects on reliability, safety, and environmental compliance. While a budget was ultimately approved, though well beyond the normal budget cycle, no detail was ever provided supporting those cuts in the budget submitted by the Operator. Further, your companies' reliance on anecdotal information about your abilities to make cuts at other facilities with no reference to base budgets, coupled with your steadfast refusals to provide details of either the cuts at those other facilities or any analysis of the effect of your proposed cuts at Colstrip, was not productive. In the end, it resulted in nothing which NorthWestern could rely upon in the event it was required to support those cuts to its regulator, apart from saying it was outvoted.



Given forecast very high summer market conditions, the value of generation (or the cost of replacement power due to unplanned outages) from Colstrip should transcend cost cutting measures associated with speculative future closing dates that significantly increase operational risks. Of much greater risk under that scenario is being unable to operate during a time of great need or higher market pricing attributable to reactive budget cuts that unnecessarily expose the co-owners to more price risk.

Sincerely,

A handwritten signature in black ink that reads "John D Hines".

John D Hines

Vice President Supply, Environment, and Montana Government Affairs

cc: Dale Lebsack
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