

**EXH. RJR-26C  
DOCKET 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 \_\_\_**

**TWENTY-FIFTH EXHIBIT (CONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**RONALD J. ROBERTS**

**ON BEHALF OF PUGET SOUND ENERGY**

**REDACTED VERSION**

**JANUARY 31, 2022**

# 2022 CAPITAL JUSTIFICATION SUMMARY

<b>PROJECT TITLE:</b>	<i>Completion of Dry Waste Disposal System</i>
<b>DATE:</b>	<i>6/14/2021</i>
<b>Completed by:</b>	<i>Richard Borsheim</i>

**Description of Project:**

This project is required by a Settlement dated 7/19/16 (DV12-42) regarding a challenge from Sierra Club, MEIC, and the National Wildlife Federation challenging the legality of the AOC and other claims related to disposal of CCR (see project folder). The Settlement requires a "non-liquid" disposal system for CCR material generated by Units 3&4 at the EHP no later than July 1, 2022. This project provides for design/build of that "non-liquid" disposal system. Pilot testing was conducted to identify the technology (pressure filters) that will provide a cost-effective "non-liquid" disposal system. This project will cover a three year period to design and complete construction so that the system will be fully operational by 7/1/2022 (\$██████ in 2020, \$██████ in 2021, and ██████ in 2022). The amount for 2022 was increased by \$██████ from the previous budget estimate to account for the need for personnel transportation to the remote location, incorporating the control system into the DCS, and providing technical support, training, and startup support to meet the performance guarantee. This project is considered an Environmental Must Do project because of the Settlement requirements.

**Alternative 1:**

This Alternative is completion of the 3-year project as described above.

**Alternative 2:**

**Alternative 3: Do Nothing**

Under this Alternative, the 3rd year of the the 3-year project would not be completed. Approximately \$██████ would have been expended in the first 2 years of this project. Not completing the project would result in a non-compliance situation with Settlement DV12-42 and result in litigation and likely fines/penalties.

**Comparison Table**

	Alternative 1:	Alternative 2:	Alternative 3: Do Nothing

<i>Recommended Alternative</i>	X			
<i>Risk</i>	Low		High	Low/Medium/High
<i>Capital Costs</i>	[REDACTED]			
<b>Incremental Annual Impacts</b>				
<i>Generation w/o impact to O&amp;M - MWh</i>	0		0	
<i>\$ impact</i>	\$0		\$0	
<i>Generation w/impact to O&amp;M - MWh</i>	0		0	
<i>\$-impact</i>	\$0		\$0	
<i>Heat Rate - btu/kwh</i>	0		0	
<i>\$-impact</i>	\$0		\$0	
<i>O&amp;M savings/(costs)</i>	\$0		\$0	
<b>Economic Metrics</b>				
<i>Internal Rate of Return (%)</i>	Environmental			
<i>Net Present Value (\$)</i>	Must			
<i>Estimated Payback Period (Yrs)</i>	Do			
<i>Profitability Index</i>	EMD			
<b>Other Considerations</b>				
<i>Leadtime (months)</i>				
<i>Safety</i>				
<i>Environmental</i>	meets Settlement req'ts.			Non-compliance

### 2022 HURDLE RATE WORKSHEET

<b>PROJECT TITLE:</b>	Completion of Dry Waste Disposal System	<b>W.O. #:</b>		<b>Project Closed</b>	N	Y/N
<b>DATE:</b>	6/14/2021	<b>PROJECT #:</b>	10027022	<b>Project Closed As date</b>	-	(DDMMYYYY)
<b>Manager:</b>	G. Criswell	<b>SUB PROJECT #:</b>		<b>Engineer Signoff</b>		Full Name
<b>Completed by:</b>	Richard Borsheim	<b>Last Known Replacement Date</b>				
<b>Revision</b>	0	<b>Plant Acct</b>		Filled out by Finance team		
<b>Date of Revision</b>	6/14/2021 (DDMMYYYY)	<b>Bechtel System</b>	3SP	Paste Plant		
<b>Environmental (Check WBLX)</b>		<b>Activity Code</b>	0000AGER00	General Environmental		
<b>Air:</b>		<b>CRC #</b>	4584			
<b>Noise:</b>		<b>Budget Category</b>	ENV			
<b>Solids:</b>		<b>Current Budget Year</b>	2020 (YYYY)			
<b>Water:</b>	X	<b>Super Project #</b>	Talen Montana LLC			
<b>Estimated Useful Life</b>	20 (In Years)	<b>Location</b>	Unit 3-4			
<b>Estimated In-Service</b>	6/1/2022 (MMYYYY)	<b>Facility Code</b>	A034 Units 3&4			
<b>Estimated Final Payment Date</b>	8/1/2022 (MMYYYY)					

**Description of Project**  
 This project is required by a Settlement dated 7/19/16 (DV12-42) regarding a challenge from Sierra Club, MEIC, and the National Wildlife Federation challenging the legality of the ADC and other claims related to disposal of CCR (see project folder). The Settlement requires a "non-liquid" disposal system for CCR material generated by Units 3&4 at the EHP no later than July 1, 2022. This project provides for design/build of that "non-liquid" disposal system. Pilot testing was conducted to identify the technology (pressure filters) that will provide a cost-effective "non-liquid" disposal system. This project will cover a three year period to design and complete construction so that the system will be fully operational by 7/1/2022. In 2020, in 2021 and in 2022. The amount for 2022 was increased by from the previous budget estimate to account for the need for personnel transportation to the remote location incorporating the control system into the DCS and providing technical support, training, and startup support to meet the performance guarantee. This project is considered an Environmental Must Do project because of the Settlement requirements.

**Process**

<b>ATTRIBUTES</b>	<b>SAVINGS \$/YR</b>		
Safety	0		
Environmental	0		
Plant Capacity	0		
Heat Rate	0		
O & M	0		
Facility/Equipment Reliability	0		
<b>TOTAL SAVINGS \$/YR</b>	0		
<b>PROFITABILITY INDEX</b>	EMD	SMD	EMD
<b>INTERNAL RATE OF RETURN (%)</b>	Environmental	Safety	Environmental
<b>NET PRESENT VALUE (\$)</b>	Must	Must	Must
<b>ESTIMATED PAYBACK (yrs)</b>	Do	Do	Do

PROJECT COST							
Capital Cost (\$)	2022		2023		2024		
	Material	Contract	Material	Contract	Material	Contract	
Jan							
Feb							
Mar							
Apr							
May							
Jun							
Jul							
Aug							
Sep							
Oct							
Nov							
Dec							
<b>Total Annual Capital Spent</b>	\$0	\$0	\$0	\$0	\$0	\$0	
<b>Annual O&amp;M Cost</b>	0						

**INCREMENTAL SAVINGS - RECOMMENDATION vs. CURRENT STATE.**

NOTE: 2.0 points (MUST DO) in the Safety, Environmental or Facility/Equipment Reliability attribute passes the hurdle rate regardless of Internal Rate of Return. Safety, Environmental & Facility/Equipment Reliability points can be assigned in tenths. The 0.0, 0.5, 1.0 and 2.0 are general guide lines to follow. One (1) point is equivalent to \$1,000,000/yr.

SAFETY	\$/YR	COMMENTS
0	0	
<p>Improvements to alleviate a condition which adversely affects health, safety or security. Improvements to correct a major threat to health, safety, security or to meet a firm contractual agreement. Requirements mandated by law, regulation or binding agreement.</p> <p>No Impact: 0.0 points                      Minor Impact: 0.5 points                      Major Impact: 1.0 points                      Regulatory Requirement: 2.0 points (MUST DO)</p> <p><small>NOTE: Safety savings cannot exceed 1/2 the Capital Cost.</small></p>		

<b>ENVIRONMENTAL</b>	2	This project is required by a Settlement dated 7/19/16 (DV12-42) regarding a challenge from Sierra Club, MEIC, and the
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REDACTED VERSION

Improvements to a levele a condition which adversely affects the environment. Improvements to correct a major threat to the environment. Requirements mandated by law, regulation or binding agreement.  
No Impact 0.0 points  
Minor Impact 0.5 points  
Major Impact 1.0 points  
Regulatory Requirement 2.0 points (MUST DO)  
NOTE: Environmental savings cannot exceed 1/2 the Capital Cost.

National Wildlife Federation challenging the legality of the AOC and other claims related to disposal of CCR (see project folder). The Settlement requires a "non-liquid" disposal system for CCR material generated by Units 3&4 at the EHP no later than July 1, 2022. This project provides for design/build of that "non-liquid" disposal system. This project will cover a three year period to design and complete construction so that the system will be fully operational by 7/1/2022 [REDACTED] in 2020, [REDACTED] in 2021, and [REDACTED] in 2022). Pilot testing was conducted to identify the technology (pressure filters) that will provide a cost-effective "non-liquid" disposal system. This project is considered an Environmental Must Do project because of the Settlement requirements.

	<b>PLANT CAPACITY</b>		0
	mwhr/yr improvement		
Increased generation w/o increased O&M costs		0	0
	mwhr/yr improvement		
Other increased generation (reduced outage time).		0	0
	<b>HEAT RATE</b>		0
Increased efficiency	Units 3-4 Btu/kwhr/yr		
Units 3 & 4 Based on \$9,615/btu/kwhr/yr NPHR		0	0
	<b>O &amp; M</b>		0
<b>MATERIAL &amp; CONTRACTS</b>	Est. material & contract \$/yr savings		0
	Est. labor man-hours/yr reduced		0
		0	0
	<b>FACILITY</b> [REDACTED] <b>RELIABILITY</b>		0
		0	
No Impact 0.0 points Employee Productivity Improvement 0.5 points Functional, but obsolete (cannot maintain in future) 1.0 points Beyond Repair, failure imminent (MUST DO) 2.0 points NOTE: Reliability savings cannot exceed 1/2 the Capital Cost.			